Unemployment Insurance Review

December 1964

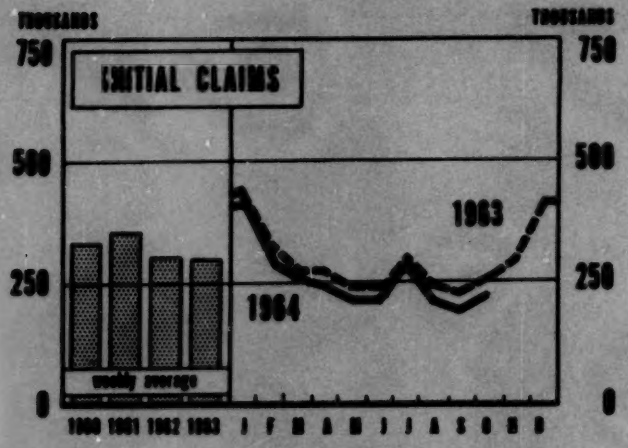
In this issue . . .

Railroad Unemployment Benefits
Experience Rating Operations

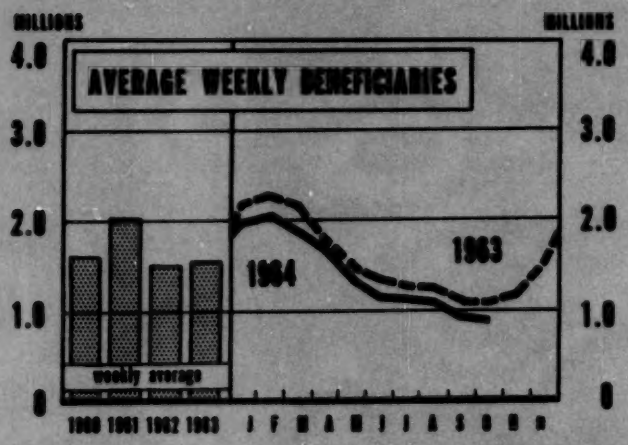
UNITED STATES DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

UNEMPLOYMENT INSURANCE ACTIVITIES

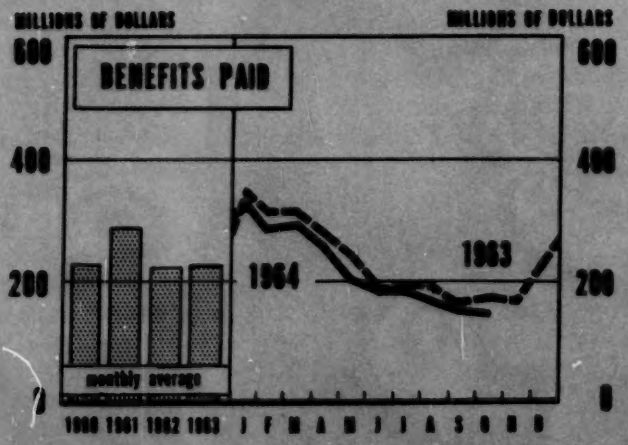
UNDER STATE PROGRAMS



During October 224,500 initial claims per week were filed under State programs—a rise of 15 percent (about seasonal) from the September average but 12 percent below a year earlier. Initial claims volume this past October was the lowest for the month since 1956.



Some 908,000 beneficiaries received payments under regular State unemployment insurance programs in October. This was the second successive month that the figure was below 1 million and it is the lowest for any month since late 1956. The year-ago volume was 1.1 million.



Jobless workers in October received a total of $143.2 million under State unemployment insurance programs. This compares with $148.4 million in September and $172 million a year earlier. For the first 10 months of 1964, a total of $2.2 billion was paid out in benefits under State programs compared with $2.4 billion during the same 1963 period.

Unemployment Insurance Review

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U.S. DEPARTMENT OF LABOR
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MANPOWER ADMINISTRATION
John C. Donovan, Administrator

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UNEMPLOYMENT INSURANCE SERVICE
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CONTENTS

SPECIAL ARTICLES

Railroad Unemployment Benefits, 1962–63 Benefit Year 1

Experience Rating Operations in 1963, Interstate Differences 5

DEPARTMENTS

The UIS Director Comments ii

Issues Reflected in Recent Appeals Decisions 10

Unemployment Insurance Decisions . . . 13

Trends in the Economy 14

Insured Unemployment Activity 16

Summary Statistics:

Tabulations 20

Charts . . . . . Cover 2

Maps 18

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The UIS Director Comments

Last month, in discussing the benefit rights interview, we emphasized its relationship to the broader task of informing the public about the unemployment insurance program. Our efforts to equip the claimant to protect his rights and meet his responsibilities also relate to the legal services available to him.

When the State UI laws were first enacted, it was generally assumed that claimants would have little need for the help of lawyers in protecting their benefit rights.

Today it is still true that unemployment insurance hearings are relatively informal. However, the UI law provisions most often involved in benefit appeals—disqualifications and eligibility—have steadily grown more complex. Although the issues in appeals are usually issues of fact, these often are far more involved than was originally anticipated. Most claimants appear before the tribunals without representation but increasingly they are being opposed by employer representatives. While relatively few unemployment benefit appeals are reaching the courts (during the past 3 years, less than one quarter of 1 percent of all referee decisions), some increase may be building up.

The program's obviously increased complexity gives a special emphasis to the question: "To what extent are claimants sufficiently advised and equipped to protect their rights in the appeal process?" This question in turn opens up a variety of subjects, such as lay representation of claimants in hearings, the expertness of attorneys in unemployment insurance law, and claimants' attorney fees. (On this point, an American Bar Association committee, in a recent report, said that unemployment insurance, workmens' compensation, and certain aspects of the Social Security Act shared a common ingredient—the client's unwillingness to pay a reasonable fee out of the proceeds of his claim, and his inability to do so.)

These are old questions, but they are now getting a new kind of attention, largely because of national concern with the war against poverty. Passage of the Economic Opportunity Act, with its provisions for community action programs, has helped to focus attention on the need for adequate legal services for low-income groups. Thus, recently, through its House of Delegates, the American Bar Association pledged its cooperation with the Office of Economic Opportunity and other groups to extend the availability of legal services to indigent and low-income groups.

In its 1963 *Gideon* decision, the U.S. Supreme Court held that an indigent defendant has a constitutional right to legal counsel, not merely in capital cases, but also in other criminal cases under State law. This has raised such questions as: "Why only in criminal cases? Why not in other court cases? Why not in administrative proceedings?"

Speaking at the Conference on the Extension of Legal Services to the Poor, in November 1964, Attorney General Katzenbach summed up much that is pertinent to our program. He said:

> "Our legal system works because litigation is the exception, not the rule. For rights to be worth anything, they must be honored—without lawyers; courts are not the only forums in which rights are adjudicated. There are administrative proceedings; there are dealings with landlords, merchants, social workers, and welfare officials—with all the people whose decisions can deeply change the lives of the poor. It is in these areas, far more often than in the courts, that the poor person needs a counselor and an advocate."

All of us in the UI program need to look carefully at how we help claimants protect their unemployment insurance rights during the process. What are our contacts with organized bar groups? How adequate is the information we give the bar about UI? Are we telling claimants about the availability of legal assistance? How do local offices answer claimants who seek legal advice or who want, but cannot afford, a lawyer? Are such claimants referred to the local legal aid group or lawyer referral service? We need to be sure that we reduce claimants' need to seek legal aid to protect their rights. This can be achieved only if the concern of all who are involved in deciding claim rights is specifically directed to the protection of claimant rights.

We need to be concerned with developing more effective methods of providing adequate assistance to claimants in unemployment benefit appeals at all levels. Else, we may find that if we "insiders" do not take the initiative to improve, the initiative is likely to be lost to groups outside the UI system.

Railroad Unemployment Benefits 1962–63 Benefit Year

*Alden F. Bixby**

RAILROAD unemployment insurance payments for the 1962–63 benefit year were made to 181,300 workers. These beneficiaries made up 18 percent of the employees qualified for the benefit year, the smallest beneficiary rate since 1956–57. The average benefit payment was $623—the lowest annual average amount since 1957–58, when most payments were made at lower daily benefit rates.

The general benefit year 1962–63 under the Railroad Unemployment Insurance Act began July 1, 1962, and ended June 30, 1963. Of the benefits paid with respect to the benefit year, 96 percent was for unemployment which occurred in this period. The remaining 4 percent was for unemployment which occurred before or after the period. Although such payments formed a small proportion of the total, some career railroad workers received substantial benefit amounts for such unemployment. How this could happen is explained in the following brief summary of benefit provisions.

Benefit Provisions

The principal unemployment benefit provisions of the Railroad Unemployment Insurance Act now in effect are as follows:

1. The base year (the period used to determine eligibility rights and benefit amount) is uniformly the calendar year preceding the beginning of the general benefit year.

2. The general benefit year starts July 1.

3. A qualified employee for a benefit year is one whose base-year earnings totaled $750 or more. Also, if he did not work for a railroad prior to the base year, he must have had railroad employment in at least 7 months of the base year. (For the 1962–63 benefit year, the qualifying amount was $500, and there was no service requirement for new employees.)

4. For an employee with 10 or more years of railroad service (some railroad employment in each of 120 months, which need not have been consecutive) who is not qualified for the current general benefit year but who is a qualified employee for the next benefit year, the next benefit year may be accelerated to begin with the first day of a month in which he starts 14 or more consecutive days of unemployment.

5. Benefits are paid for all days of unemployment over 4 in a 14-day registration (claim) period.

6. The maximum benefit rate is $10.20 a day, which is the equivalent of $51 a week for total unemployment. Most claimants are paid at or near the maximum rate, partly because of a guaranty in the law that prevents the benefit rate from being less than 60 percent of the daily rate of pay for a claimant's last base-year employment.

7. Normal unemployment benefits are payable for up to 130 compensable days in a benefit year (equivalent to 26 weeks of total unemployment), but the total amount of normal benefits for a claimant may not exceed the amount of his total creditable base-year compensation.

8. After exhausting rights to normal benefits, a claimant with 10 to 14 years of railroad service may receive unemployment benefits for up to 65 days in an extended benefit period consisting of 7 consecutive registration periods; and a claimant with 15 or more years of railroad service may receive unemployment benefits for up to 130 days in an extended benefit period consisting of 13 consecutive registration periods. An extended period that carries beyond the end of a general benefit year is considered part of the benefit year in which it started. If normal benefits are cut off by the ending of a general benefit year, an extended benefit period may be started after the end of that benefit year if the claimant is not qualified for benefits in the new benefit year.

Type of Benefits

Railroad workers who received *only* normal benefits made up 90 percent of the 1962–63 beneficiaries. As a group, they were considerably younger than those who received extended bene-

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TABLE 1. SELECTED DATA FOR RAILROAD UNEMPLOYMENT BENEFICIARIES, BY YEARS OF RAILROAD SERVICE AND TYPE OF BENEFITS RECEIVED, AND BY TIME OF FIRST AND LAST UNEMPLOYMENT

Item	Number of beneficiaries	Average per beneficiary					
		All benefits		Normal benefits		Extended benefits	
		Days of unemployment [1]	Amount of benefits	Days of unemployment [1]	Amount of benefits	Days of unemployment [1]	Amount of benefits
TOTAL	181,300	93	$623	83	$549	11	$74
Years of service and type of benefits:							
Under 10 years, normal only	76,600	85	566	85	566		
10 to 14 years, *total*	31,800	101	674	87	581	14	94
Normal only	25,400	67	434	67	434		
Normal and 7-period extension	6,400	235	1,627	167	1,162	68	465
15 years of more, *total*	72,900	99	660	78	516	21	144
Normal only	60,500	59	379	59	379		
Normal and 13-period extension	12,400	293	2,035	171	1,187	123	848
Time of first and last claim:							
First claim before July 1962, *all benefits*	600	192	1,286	136	912	56	374
Benefits for claims before July		116	794	101	691	15	103
All claims in general benefit year	171,800	82	545	78	513	5	32
Last claim after June 1963, *all benefits*	8,900	305	2,091	177	1,215	128	876
Benefits for claims after June		63	431			63	431

[1] Includes all creditable days of unemployment.

NOTE.—Based on 10-percent sample of normal and extended benefits paid by Mar. 31, 1964. A year of service equals 12 months, not necessarily consecutive, in which some work was performed for a covered employer. Detail may not add to totals shown because of rounding.

fits; their median age was 42 years compared with 52 years for the latter. Nearly half of the group consisted of employees with fewer than 10 years of railroad service (those not eligible for extended benefits). About 18 percent of these short-service beneficiaries exhausted rights to normal benefits. Their benefit payments averaged $566, compared with $434 for beneficiaries with 10 to 14 years service and $379 for those with 15 or more years of service, who received only normal benefits.

For 600 long-service beneficiaries, the 1962–63 benefit year was accelerated because they were not qualified for 1961–62 benefits. Over half of them received both normal and extended benefits. Their total benefits averaged $1,286, of which $794 was paid for unemployment occurring before July 1962.

Of the 18,800 long-service workers who drew extended payments, 13,300 exhausted normal benefits by receiving the maximum of 130 times their daily benefit rate. Another 4,800 exhausted their normal benefits by receiving benefits equal to their creditable base-year wages. Some 700 received less than the maximum amount of normal benefits. The last group, whose extended payments were all for unemployment after June 30, 1963, were considered to have exhausted rights because the general benefit year ended and they were not qualified in the next year. Almost one-half of all beneficiaries who received extended payments continued on the 1962–63 benefit rolls after the end of the general benefit year. For this group, benefits averaged $2,091, of which $431 was paid for unemployment after June 1963.

About one-third of the beneficiaries on the extended rolls had 10–14 years of service and received 7-period extensions. As could be expected, a larger proportion of this group received the maximum in extended benefits—30 percent compared with 19 percent—than did those with 15 or more years of service, who were entitled to 13-period extensions. The latter group accounted for most of the beneficiaries who were on the rolls after June 30, 1963.

Timing of Unemployment

Beneficiaries for whom the 1962–63 benefit year was accelerated made up an extremely small proportion of the year's total. A substantial percentage of them left the rolls before the start of the general benefit year, but a few were still drawing benefits after it ended (table 2).

The largest group of beneficiaries (106,700) experienced their first unemployment in the first quarter (July–September) of the general benefit year. Many had only short spells of unemployment; 30 percent of the group left the rolls in the same quarter. On the other hand, the July–September quarter's new beneficiaries also included a relatively high proportion who remained on the rolls and had extended periods continuing after the close of the general benefit year. Six percent of both the first and second quarter's new beneficiaries were in benefit status after June 30, 1963,

TABLE 2. RAILROAD UNEMPLOYMENT BENEFICIARIES, BY MONTH OF FIRST REGISTRATION PERIOD AND BY MONTH OF LAST REGISTRATION PERIOD, BENEFIT YEAR 1962–63

Month of first registration period	Total	Month of last registration period							
		July 1961–June 1962	July–September 1962	October–December 1962	January–March 1963	April–June 1963	July–September 1963	October–December 1963	After December 1963
TOTAL	181,300	200	32,200	26,600	46,700	66,600	5,600	3,100	200
July 1961–June 1962	600	200	100	100	100	100	(1)	(1)	(1)
July–September 1962	106,700		32,200	16,000	22,400	29,900	4,500	1,600	(1)
October–December 1962	44,000			10,500	13,700	17,400	1,100	1,300	100
January–March 1963	20,600				10,500	10,000	100	100	(1)
April–June 1963	9,400					9,200	(1)	100	(1)

[1] Fewer than 50.

NOTE.—Based on 10-percent sample of normal and extended benefit payments made by Mar. 31, 1964. Detail may not add to totals shown because of rounding.

compared with only 1 percent of those whose first unemployment was in the third and fourth quarters.

Occupational Group

The three largest occupational groups among the beneficiaries were the brakemen, baggagemen, and switchtenders; the maintenance-of-way men; and the shop craftsmen (table 3). Together, they made up 45 percent of the total. The first two of these groups had much higher than average beneficiary rates. However, for shop craftsmen, the number of beneficiaries per 100 qualified employees was slightly lower than the average. The maintenance-of-way men and the shop craftsmen were also the two largest groups among those receiving extended payments, together accounting for 32 percent of such beneficiaries.

The less skilled occupational groups had the highest rates of exhaustion of normal benefits. These rates ranged from 22 percent for way and structures helpers and apprentices to 32 percent for both the shop helpers and apprentices and the maintenance-of-way men. On the other hand, only 5 to 8 percent of beneficiaries in the train-and-engine-service groups exhausted benefit rights.

TABLE 3. SELECTED DATA FOR RAILROAD UNEMPLOYMENT BENEFICIARIES, BY OCCUPATIONAL GROUP, BENEFIT YEAR 1962–63

Occupational group	Beneficiaries			Average benefits for year		Beneficiaries receiving extended benefits			
	Number	Percent		Total	Normal	Number			Average amount
		Exhausting normal rights	Receiving extended benefits [1]			Total	Receiving 7-period extension	Receiving 13-period extension	
TOTAL	181,300	18	10	$623	$549	18,800	6,400	12,400	$718
Office employees:									
Executives, officials, and staff assistants	100	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Supervisors and professionals	2,300	12	7	502	446	200	(2)	200	(2)
Station agents and telegraphers	4,700	10	5	495	463	200	100	200	(2)
Clerks and other office employees	15,400	18	10	642	559	1,600	500	1,100	815
Train-and-engine-service employees:									
Engineers	4,400	5	5	327	285	200	(2)	200	(2)
Conductors	3,800	6	5	353	305	200	(2)	200	(2)
Firemen and hostlers	14,000	8	4	419	395	600	200	300	629
Brakemen, baggagemen, and switchtenders	34,600	8	3	413	394	1,000	400	600	650
Gang foremen	2,900	10	8	564	475	200	(2)	200	(2)
Maintenance employees:									
Way and structures craftsmen	6,200	14	7	610	572	400	200	300	(2)
Shop craftsmen	20,200	17	13	626	529	2,600	800	1,800	746
Way and structures helpers and apprentices	1,200	22	8	669	605	100	(2)	100	(2)
Shop helpers and apprentices	7,900	32	22	855	692	1,700	600	1,100	754
Other maintenance-of-way employees	26,600	32	13	809	734	3,400	1,700	1,700	583
Other shop and stores employees	7,900	29	20	855	705	1,600	400	1,200	742
Station and platform employees	15,400	26	15	768	657	2,400	800	1,600	727
All other employees	13,800	25	17	788	657	2,300	600	1,700	780

[1] Beneficiaries receiving extensions include 700 who met the exhaustion requirement after the close of the benefit year because they were not qualified in 1963–64.

[2] Number in sample too small to yield reliable rate or average.

[3] Fewer than 50.

NOTE.—Based on 10-percent sample of normal and extended benefit payments made by Mar. 31, 1964. Detail may not add to totals shown because of rounding.

The occupational groups with the highest exhaustion rates for normal benefits had differences in their overall benefit experience for the year. For example, the maintenance-of-way men received the highest average amount of normal benefits, but only 13 percent of them received extensions, compared with 22 percent of the shop helpers and apprentices. As a result, the latter group received a higher average amount in total benefits for the year. The shop helpers and apprentices and the "other shop and stores" employees had the highest average amount of benefits for the year—$855.

The "other shop and stores" group also had the highest percentage of beneficiaries who had 15 or more years of service and received 13-period extensions. Fifteen percent of them received such extensions, compared with 7 percent of all beneficiaries.

Age and Sex

The median age of all 1962–63 beneficiaries was 43 years. However, the median age for the group receiving 7-period extensions was 45 years, while for those with 13-period extensions it was 54 years. This reflected the fact that the frequency of both the exhaustion of normal benefits and the receipt of extended payments rose with age (table 4).

The proportion of beneficiaries eligible for 13-period extensions also rose with age. Therefore, older beneficiaries tended to receive higher average amounts of extended benefits. The average amount of normal benefits ranged from $486 for the youngest beneficiaries to $606 for the oldest—a difference of only 25 percent. In contrast, the average amount of extended payments ranged from $492 for beneficiaries aged 25–34 years to $915 for the oldest beneficiaries—a difference of 86 percent.

Women beneficiaries numbered 9,600 and accounted for 5 percent of the total. Their beneficiary rate was lower than that for men—16 as against 19 per 100 qualified employees. On the other hand, women were on the normal benefit rolls longer and had a substantially higher exhaustion rate—29 compared with 18 percent.

As a consequence of their higher exhaustion rate for normal benefit rights, a larger proportion of women than of men received extended benefits. About two-thirds of the extensions for each sex were for 13 periods. However, women more frequently than men received their maximum in extended benefits. Their normal benefits for the year averaged $691, which was 28 percent higher than that for men, and their extended benefits averaged $816, or 15 percent more.

1963 Amendments

Amendments to the Railroad Unemployment Insurance Act in November 1963 were for the purpose of placing the system on a sounder financial basis. The most important change is that the 4-percent maximum contribution rate for employers has been made permanent. This rate had been provided on a temporary basis for 1962 and 1963 by a provision of the Temporary Extended Railroad Unemployment Insurance Benefits Act of 1961.

TABLE 4. SELECTED DATA FOR RAILROAD UNEMPLOYMENT BENEFICIARIES, BY AGE AND BY SEX, BENEFIT YEAR 1962–63

Age and sex	Beneficiaries			Average benefits for year		Beneficiaries receiving extended benefits			
	Number	Percent		Total	Normal	Number			Average amount
		Exhausting normal rights	Receiving extended benefits [1]			Total	Receiving 7-period extension	Receiving 13-period extension	
TOTAL	181,300	18	10	$623	$549	18,800	6,400	12,400	$718
Age:									
Under 25	13,200	13		486	486				
25–34	38,300	15	2	533	523	700	600	100	492
35–44	49,000	18	10	603	546	4,800	2,500	2,300	585
45–54	42,600	19	14	658	560	5,900	2,000	4,000	704
55–64	33,200	22	19	738	582	6,300	1,200	5,100	825
65 and over	4,600	23	21	799	606	1,000	100	800	915
Sex:									
Male	171,700	18	10	612	541	17,200	5,900	11,300	709
Female	9,600	29	16	822	691	1,500	500	1,000	816

[1] Beneficiaries receiving extensions include 700 who met the exhaustion requirement after the close of the benefit year because they were not qualified in 1963–64.

NOTE.—Based on 10-percent sample of normal and extended benefit payments made by Mar. 31, 1964. Total includes 400 beneficiaries whose age was not reported.

Under other amendments, the number of beneficiaries would be reduced somewhat by an increase in the base-year earnings requirement; for new employees, by increasing the length of employment needed to qualify (see provisions above); and by a more severe disqualification for a voluntary quit. The change in qualifying provisions will not be fully effective until the benefit year starting July 1, 1965 (1964 base year). However, it is estimated that, if the new provisions had been fully effective in the most recent year (1963–64), about 6 percent of the unemployment benficiaries would not have been qualified.

Experience Rating Operations in 1963

Interstate Differences

*Paschal C. Zecca**

THE NATIONAL 1963 average employer tax rate of 2.31 percent of total taxable wages was slightly lower than the 1962 rate of 2.36 percent. This brought State tax collections for 1963—the lastest year for which detailed data are available—to $3 billion, or $67 million more than in 1962. The increase resulted mainly from a rise of over $4 billion in taxable wages (tables 1 and 2). A review of interstate differences, which are not apparent in these aggregate data, provides more insight into major aspects and issues of current experience-rating operations. These differences are brought into focus in the following discussion.

Average Tax Rates

The average tax rate, which reflects the overall level of the revenue obtained from the financial arrangements within which experience rating operates, varied widely by State, as might be expected. Individual employer tax rates in the States are determined yearly and are made applicable as of January 1 in 43 States; in the other 8 States the effective date is April 1, June 30, or July 1. In most States the level of the reserve fund balance on a specific date shortly before the beginning of the rate year determines the schedule of rates that go into effect.

The average employer tax rate for 1963 ranged from a high of 3.24 percent in New York to a low of 0.80 percent in Iowa. It was either the same as or almost unchanged from the 1962 rate in 22 of the States; in 15 States it was significantly lower and in 14 States significantly higher. The most significant increases in average tax rates between 1962 and 1963 occurred in Wyoming (1.66 to 2.88 percent), Utah (1.43 to 1.96 percent), and Hawaii (1.25 to 1.70 percent), and resulted from declines in the States' fund balances. The largest decreases in average tax rates, on the other hand, were due to various reasons. In Florida (1.84 to 1.40 percent), it was the result of a change made by 1962 amendments that provided for lower employer reserve balance requirements for specified rates. The South Dakota decrease (1.31 to 1.13 percent) reflected improved employer balances and concomitantly lower employer rates, with no change in the tax schedule. In Idaho (2.45 to 2.15 percent), it was due to elimination of the 25-percent surtax in effect during the 2 previous years.

These comparisons of tax rates, however, do not take into account State differences in the tax base. In all but 12 States only the first $3,000 earned by a worker during a calendar year is taxed. A more valid comparison of average tax rates by State would be to use the *effective* tax rates, by taking tax payments as a percent of *total* wages instead of *taxable* wages. On this basis, Alaska, with a wage base of $7,200, had the highest average tax rate in 1963—2.38 percent of total wages; Iowa again had the lowest tax rate—0.46 percent. The average tax rate based on taxable wages for New York (3.24 percent), with a $3,000 tax base, ranked the highest, but its relative position changed to number 11 when the tax rate was based on total wages.

Modification of Employers' Rates

The experience-rating system under which employers are assigned rates lower than the standard rate (2.7 percent in 43 States and as high as 4.2 percent in the remaining eight States), depending on their unemployment experience, was in effect in all but six States in 1963. A monetary measure of the effect of the experience-rating provisions in State laws is the difference between what the employer contributions would have been at the

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standard rate and the contributions actually paid. The $750-million difference for the year 1963 represents a 20-percent reduction in revenue from the amount that would have been collected had the standard rates been in effect. By State, the reduction from the standard rate ranged from a low of 5 percent in California to a high of 69 percent in South Dakota.

The six States that did not have reduced employer tax rates in 1963 were Nevada, Oregon, Rhode Island, Washington, West Virginia, and Wyoming. Four of these had suspended reduced rates to employers for at least 3 years; one State (Rhode Island), for as many as 13 successive years. Of the two remaining States, Nevada's new fund-solvency protective device, passed in 1961 and effec-

TABLE 1. SELECTED EXPERIENCE RATING DATA, BY TYPE OF PLAN, RATE YEARS BEGINNING IN 1961–63

Type of plan and State [1]	Tax base ($3,000 except as shown)	Average employer contribution rate (Percent of taxable wages)					Reduction in revenue [2 3] (percent)		
		1963 rates		Average rate [2]			1963	1962	1961
		Maximum	Minimum	1963	1962	1961			
TOTAL, 51 States [4]				2.31	2.36	2.02	20	16	29
Reserve-ratio plan:									
Arizona [5]		2.7	0.2	1.50	1.42	1.34	44	47	50
Arkansas [5]		3.0	.1	1.46	1.43	1.37	46	47	49
California	$3,800 (1/62)	3.5	2.2	3.05	3.08	2.19	5	+14	27
Colorado [5]		2.7	.0	1.33	1.34	1.13	51	50	58
District of Columbia [5]		2.7	.1	.88	.98	.85	67	64	68
Georgia		4.2	.25	1.37	1.40	1.33	49	48	51
Hawaii [5]	3,600 (1/62)	2.7	.0	1.70	1.25	1.21	37	54	55
Idaho	3,600 (1/63)	4.5	.9	2.15	2.45	2.36	20	9	12
Indiana [5]		2.7	.1	1.26	1.34	1.12	53	50	58
Iowa [5]		2.7	.0	.80	.78	.64	70	71	76
Kansas [5]		2.7	.0	1.25	1.24	1.07	54	54	60
Kentucky [5]		4.0	.6	2.04	2.16	2.12	24	20	21
Louisiana		2.7	.9	1.97	1.83	1.56	27	32	42
Maine [5]		2.7	1.4	2.12	1.98	1.78	21	27	34
Massachusetts	3,600 (1/62)	3.7	.9	2.49	2.61	2.15	8	3	20
Michigan [5 6]	3,600 (4/63)	4.5	.5	2.96	2.98	2.90	+10	+10	+7
Missouri [5]		4.2	.0	1.47	1.51	1.48	46	44	45
Nebraska [5]		2.7	.1	1.28	1.25	1.15	53	54	57
Nevada	3,600 (1/54)	2.7	(8)	2.70	2.37	2.38	(8)	12	12
New Hampshire		2.7	.5	1.61	1.61	1.60	40	40	41
New Jersey [5]		3.9	.7	2.43	2.53	2.43	13	10	13
New Mexico		2.7	.1	1.32	1.31	1.24	51	51	54
North Carolina [5]		3.7	.4	1.61	1.47	1.49	40	46	45
North Dakota [5]		[7] 4.2	1.1	2.48	2.44	2.18	41	42	41
Ohio [5]		3.2	.6	2.09	2.12	1.43	35	21	47
Oregon [5]	3,800 (1/60)	2.7	(8)	2.70	2.70	2.70	(8)	(8)	(8)
Rhode Island	3,600 (1/56)	2.7	(8)	2.70	2.70	2.70	(8)	(8)	(8)
South Carolina [5]		4.1	.6	1.42	1.09	1.12	47	60	58
South Dakota [5]		3.6	.0	1.13	1.31	.99	69	64	63
Tennessee	3,300 (1/63)	4.0	.75	1.75	1.75	1.72	35	35	36
West Virginia [5]	3,600 (1/62)	2.7	(8)	2.70	2.70	2.70	(8)	(8)	(8)
Wisconsin [5]		4.0	.0	1.55	1.40	1.47	43	48	45
Benefit-wage-ratio plan:									
Alabama		3.6	.5	1.99	1.89	1.53	26	30	43
Delaware	3,600 (1/55)	4.2	1.3	2.36	2.46	1.98	13	9	27
Illinois		4.0	.1	2.05	2.20	2.07	24	19	23
Oklahoma		2.7	1.2	1.86	1.86	1.33	31	31	51
Texas		2.7	.1	.88	.92	.92	67	66	66
Virginia		2.7	.4	1.24	1.31	1.10	54	51	59
Benefit-ratio plan:									
Florida		2.9	.5	1.40	1.84	1.53	48	32	43
Maryland		4.2	1.6	3.15	3.21	3.07	+17	+19	+14
Minnesota [5]		3.0	.6	1.40	1.52	1.08	48	44	60
Pennsylvania [5]		4.0	2.0	3.19	3.26	3.23	20	19	19
Vermont		2.7	1.0	1.74	1.61	1.52	36	40	44
Wyoming [5]		2.7	(8)	2.88	1.66	1.34	[9] +7	39	50
Payroll variation plan:									
Alaska [9]	7,200 (1/60)	4.0	1.5	2.87	2.76	2.91	28	31	27
Mississippi		3.2	1.1	2.34	2.02	1.98	13	25	27
Utah		2.7	1.8	1.96	1.43	1.43	27	47	47
Washington		2.7	(8)	2.70	2.70	2.70	(8)	(8)	(8)
Compensable-separation plan:									
Connecticut		2.7	1.5	2.09	2.09	2.08	23	23	23
Payroll variation and reserve ratio:									
New York [5]		4.2	1.9	3.24	3.44	2.89	+20	+27	+7
Payroll variation and benefit ratio:									
Montana [5]		2.7	.5	1.53	1.59	2.39	43	41	12

[1] States classified by type of plan in effect at end of 1963; no change has occurred since 1959.
[2] Computed on calendar-year basis. Includes effect of voluntary contributions collected from employers during the year; see footnote 5.
[3] Represents difference of the estimated yield at the average rate from the standard rate as a percent of the estimated yield at the standard rate.
[4] Reduced rates for employers (reduction of the standard rate through experience rating) were not assigned in Nevada, Oregon, Rhode Island, Washington, West Virginia, and Wyoming.
[5] State law provided for voluntary contributions during the 1963 rate year.
[6] The standard rate in Michigan is 2.7 percent for all nonseasonal employers and 3.0 percent for seasonal employers.
[7] Rate of contributions for employment covered by an election is 7.0 percent, unless the employer qualifies for a rate of contribution of less than the standard rate.
[8] No reduction in revenue since all employers were assigned the standard rate of 2.7 percent. In Wyoming, the increase in revenue was due to a surtax of 0.5 percent that was imposed on all employers for the last half of the year.
[9] Alaska, which had repealed its experience-rating provisions as of Jan. 1, 1955, readopted an experience-rating system beginning Oct. 1, 1960.

TABLE 2. AVERAGE EMPLOYER CONTRIBUTION RATE[1] BY TYPE OF EXPERIENCE-RATING PLAN, 1946–1963

Rates expressed as percent of taxable wages

Year	Rate all States	All experience-rating States		Reserve ratio plan		Benefit-wage ratio plan		Benefit ratio plan		Payroll variation plan		Other plan[2]	
		Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
1946	1.41	45	1.37	28	1.45	8	.97	5	1.34	1	1.81	3	1.98
1947	1.41	50	1.40	28	1.41	8	.98	6	1.44	4	1.97	4	2.00
1948	1.24	51	1.24	28	1.28	8	1.00	6	1.52	5	1.73	4	1.24
1949	1.31	51	1.31	29	1.19	7	1.07	6	1.39	5	2.09	4	1.76
1950	1.49	51	1.49	30	1.38	7	1.03	6	1.12	5	2.30	3	2.50
1951	1.58	51	1.58	30	1.41	7	1.34	6	1.30	5	1.92	3	2.57
1952	1.45	51	1.45	31	1.39	6	.91	6	1.25	5	1.84	[3]	2.28
1953	1.30	51	1.30	31	1.25	6	.77	6	1.21	5	1.82	3	1.94
1954	1.12	51	1.12	31	1.14	6	.56	6	1.00	5	1.93	3	1.51
1955	1.18	50	1.18	32	1.23	6	.66	5	.79	4	1.89	3	1.45
1956	1.32	50	1.32	32	1.39	6	.91	5	.91	4	2.01	3	1.45
1957	1.31	50	1.31	32	1.35	6	.84	5	.84	4	2.04	3	1.69
1958	1.32	50	1.32	32	1.42	6	.69	5	.88	4	2.28	3	1.53
1959	1.71	50	1.71	32	1.80	6	1.01	5	1.58	4	2.38	3	1.96
1960	1.88	51	1.88	32	1.76	6	1.49	6	2.34	4	2.36	3	2.23
1961	[3] 2.06	51	2.06	32	1.87	6	1.55	6	2.59	4	2.36	3	2.78
1962	[3] 2.36	51	2.36	32	2.22	6	1.69	6	2.74	4	2.35	3	3.23
1963	[3] 2.31	51	2.31	32	2.22	6	1.61	6	2.61	4	2.51	3	3.06

[1] Excludes war-risk contributions which were collected 1943–1946.
[2] In 1961 includes Connecticut (compensable separations), Montana (combined payroll variation and benefit ratio), and New York (combined payroll variation and reserve ratio).
[3] Includes Puerto Rico which has no experience-rating plan.

tive in 1963, provides for a fund balance requirement for reduced rates of 1½ times the highest 12-month benefit cost rate during the latest previous 10-year period. On September 3, 1963, the highest cost rate so computed was 2.73 percent which, as a result, required a fund balance of 4.09 percent of total wages (1½ times 2.73). Since the fund balance was 3.73 percent, reduced rates for the calendar year 1963 were suspended. Wyoming's fund balance fell below the 3.5 percent of taxable wages, the State's trigger point for suspension of reduced rates.

The range in tax rates in effect in an experience-rating system can provide an indication of the extent to which variations in employer experience with unemployment have a meaningful relationship to the tax rate structure. Since one of the basic objectives of experience rating is to differentiate individual employer tax rates on the basis of experience with unemployment, the tax structure should provide a wide enough spread in rates to reflect a reasonable range of such employer experience. The distribution of taxable wages by tax rates permits one to see at a glance whether the range of reduced rates is unduly compressed. A relatively low maximum rate in the face of increased revenue requirements, for example, could contribute to an imbalance in the tax spread and, if so, would be inconsistent with experience-rating principles.

Recently States have been increasing their maximum tax rate. In 1963, 31 States set their maximum above 2.7 percent. The applicable maximum rate, however, in 5 of these States remained at 2.7 percent in 1963. In the remaining 26 States it varied from 2.9 percent in Florida to 4.5 percent in Idaho and Michigan.

Some of the significant aspects of the general upward movement of average tax rates in the last few years are shown by examining changes in the relative distribution of taxable wages by tax rates. The interrelationship obviously is one in which the upward movement of average tax rates means that more of taxable wages are being taxed at higher rates, and, conversely, less of taxable wages at lower rates. Statistical indication of this relationship provides a more concrete picture of the movement of average tax rates with respect to specific tax rates and the proportion of aggregate wages to which they apply. In 1959, when the average tax rate was 1.71 percent, less than 8 percent of employers' payrolls (taxable) were taxed at rates of over 2.7 percent. Employers in five States had at least 20 percent of their taxable payrolls in this rate group; in one of these States the proportion was 40 percent.

The increase in the average tax rate to 2.31 percent in 1963 quadrupled the proportion of taxable wages taxed at rates above 2.7 percent (33 percent). It also increased to 15 the number of States that had at least 20 percent of taxable wages in this tax group; the highest proportion was 81 percent (table 3). Significant comparisons could also be made indicating the decreasing proportions of wages taxed at the lower end of the tax rate scale.

765-310 O—65——2

Noncharged Benefits

In States where benefits or benefit wages are used as a measure of unemployment attributable to the employer, provisions are made to omit charges of various types of benefit payments from the employer's experience. As a result, the cost of the benefits not charged to individual employers are shared by all employers in these States.

State laws vary considerably in their noncharging provisions. Among the types of benefits which are not charged to an employer's experience are those based on short-term employment, dependents' allowances, benefits paid following a period of disqualification, or a potentially disqualifying act for which no disqualification was imposed, for voluntary quit, misconduct, or refusal to accept suitable work.[1]

[1] For a summary of the noncharging provisions of State laws, see *Comparison of State Unemployment Insurance Laws as of Jan. 1, 1964* (p. 32, table 11), BES No. U–141, Bureau of Employment Security, U.S. Department of Labor.

TABLE 3. PERCENTAGE DISTRIBUTION OF TAXABLE WAGES OF RATED ACCOUNTS, BY CONTRIBUTION RATE AND TYPE OF EXPERIENCE-RATING PLAN, RATE YEAR BEGINNING IN 1963

Type of plan and State [1]	Amount of taxable wages of rated accounts [2] (in thousands)	Percentage distribution of taxable wages by employer contribution rate											
		Total	0.0	0.1	0.2–0.5	0.6–0.9	1.0–1.8	1.9–2.6	2.7	2.71–3.1	3.2–3.5	3.6–3.9	4.0 and over
TOTAL, 47 States [3]	$111,743,879	100.0	1.2	2.3	5.8	9.7	19.8	18.4	7.6	10.5	8.8	6.0	9.9
Reserve-ratio plan: [3]	60,803,863	100.0	2.1	2.1	5.4	9.4	25.5	14.0	8.4	13.3	12.0	2.9	4.9
Arizona [4] [5]	753,067	100.0			12.1	20.3	44.1	11.7	11.9				
Arkansas [5]	739,995	100.0		12.0	16.1	21.9	19.9	9.7	8.7	11.7			
California	12,351,869	100.0						11.2	8.3	44.0	36.5		
Colorado [5]	1,062,710	100.0	3.8		4.0	38.7	36.0		17.6				
District of Columbia [5]	642,889	100.0		59.3	12.2		19.2	2.0	7.3				
Georgia [4]	2,051,246	100.0			20.0	17.1	41.4	9.4	8.3	.4	1.5	.2	1.6
Hawaii [5]	426,169	100.0	26.3		18.2	15.2	14.5	3.4	22.4				
Idaho	314,872	100.0				8.6	38.8	25.9	13.0	2.3	2.3	4.6	4.6
Indiana [5]	3,218,726	100.0		16.6	19.0		42.6	5.7	16.1				
Iowa [5]	1,200,860	100.0	26.2	9.3	33.7	12.6	2.7	1.9	13.6				
Kansas [5]	995,701	100.0	2.0	1.2	16.3	32.3	24.3	9.5	14.3				
Kentucky [5]	1,190,270	100.0				29.4	24.3		34.1				12.2
Louisiana	1,416,792	100.0				19.2	31.5	11.5	37.7				
Maine [5]	509,803	100.0					42.4	35.5	22.1				
Massachusetts	4,722,591	100.0				3.8	14.7	35.3	5.8	23.6	7.2	9.5	
Michigan [5]	5,365,038	100.0			(6)	(6)	35.9	10.5	1.9	1.9	1.6	2.7	45.4
Missouri [5]	2,617,029	100.0	13.0	.7	2.1	10.8	46.6	11.7	7.5	2.7	1.8	1.8	1.3
Nebraska [5]	664,826	100.0		8.0	33.9		32.8	6.2	19.0				
Nevada [5]													
New Hampshire	424,067	100.0			10.8	30.7	19.0	17.3	22.1				
New Jersey [5]	4,484,136	100.0				10.2	26.2	24.9		17.0		21.7	
New Mexico	379,488	100.0		16.3	17.5	30.9	20.8	3.2	11.2				
North Carolina [5]	2,470,491	100.0			17.6	15.0	30.3	19.2	12.2	1.3	.9	3.6	
North Dakota [5]	180,245	100.0					45.2	25.6	2.9	4.3	2.8	3.5	15.7
Ohio [5]	6,966,944	100.0				11.0	41.2	14.9		4.5	28.4		
Oregon [5] [7]													
Rhode Island [5]													
South Carolina [4] [5]	1,165,688	100.0				54.8	20.2	10.1	12.5	.8	.5	.2	1.0
South Dakota [5]	214,528	100.0	38.4		23.3		24.7	4.1		1.2		8.3	
Tennessee	1,745,561	100.0				29.5	39.6	8.5	11.5	1.9	2.7	1.3	5.1
West Virginia [5] [8]													
Wisconsin [5]	2,528,262	100.0	15.6		17.0		31.2	16.8		4.5	7.5		7.4
Benefit-wage-ratio plan:	17,712,582	100.0		7.5	15.6	16.0	24.4	11.2	11.0	2.1	1.7	3.1	7.4
Albama [4]	1,408,050	100.0			13.6	9.1	31.5	11.3	2.2	3.3	1.7	27.1	
Delaware	381,767	100.0					58.6	14.4	.9	4.4	1.6	1.6	18.5
Illinois	7,768,130	100.0		6.2	8.1	11.4	22.0	14.1	12.8	3.9	3.4	2.0	16.0
Oklahoma	1,057,987	100.0					58.2	18.1	23.7				
Texas [4]	4,993,965	100.0		17.0	33.0	19.1	14.4	6.8	9.7				
Virginia	2,102,683	100.0			14.1	41.3	28.9	6.9	8.8				
Benefit-ratio plan: [3]	14,668,960	100.0			2.8	15.0	8.5	25.7	2.3	12.1	4.7	4.5	24.4
Florida [4]	2,579,404	100.0			15.7	32.3	32.8	7.7	.6	10.9			
Maryland	1,969,921	100.0					10.9	33.7		16.3	4.6	3.9	30.7
Minnesota [5]	1,886,331	100.0				72.7	3.2	1.2		22.9			
Pennsylvania [5]	8,023,498	100.0						35.3	3.6	9.3	7.4	7.4	37.0
Vermont	209,806	100.0					57.2	28.7	14.1				
Wyoming [3] [5]													
Payroll variation plan: [3]	1,409,508	100.0					31.8	45.4	0	13.1	5.5	2.8	1.4
Alaska	200,291	100.0					20.0	20.0		9.9	20.0	19.9	10.2
Mississippi	680,282	100.0					22.1	48.3		24.1	5.5		
Utah	528,935	100.0					48.6	51.3	.1				
Washington [5]													
Compensable-separation plan:	2,261,566	100.0					26.5	65.8	7.7				
Connecticut	2,261,566	100.0					26.5	65.8	7.7				
Payroll variation and reserve plan:	14,607,095	100.0						28.1	6.2	8.7	9.9	25.2	21.9
New York [5]	14,607,095	100.0						28.1	6.2	8.7	9.9	25.2	21.9
Payroll variation and benefit ratio plan:	280,305	100.0			17.9	27.7	32.8	2.0	19.7				
Montana [5]	280,305	100.0			17.9	27.7	32.8	2.0	19.7				

[1] Classified by type of plan in effect at end of 1963.
[2] All rated accounts, excludes accounts newly subject after State cut-off dates for preparation of reports.
[3] Totals exclude the six States which did not assign employers any reduced rates for 1963 rate year: Nevada, Oregon, Rhode Island, and West Virginia under reserve-ratio plan, Wyoming under the benefit ratio plan, and Washington under payroll variation plan.
[4] For Alabama, Arizona, Florida, Georgia, South Carolina, and Texas, data exclude newly qualified employers assigned reduced rates after computation date.
[5] Includes effects of voluntary contributions made toward credit for 1963 rates.
[6] Less than 0.05 percent.

TABLE 4. NONCHARGED BENEFITS DURING 12 MONTHS PRECEDING COMPUTATION DATE FOR 1963 RATE YEAR, BY EXPERIENCE-RATING PLAN AND STATE

Type of plan and State [1]	Date 1963 rate-year began	Computation date	Benefits paid in 12 months preceding computation date [2] (amount in thousands)		
			Total amount	Noncharged	
				Amount	Percent of total
Reserve-ratio plan:					
Arizona	Jan. 1	July 1, 1962	$11,864	$2,953	24.9
Arkansas	Apr. 1	Dec. 31, 1962	13,379	2,717	20.3
California	Jan. 1	June 30, 1962	369,215	50,491	13.7
Colorado	do	July 1, 1962	17,222	1,008	5.9
District of Columbia	do	June 30, 1962	5,659	84	1.5
Georgia	do	Dec. 31, 1962	24,789	4,081	16.5
Hawaii	do	do	10,620	3,166	29.8
Idaho	do	June 30, 1962	9,155	1,631	17.8
Indiana	do	do	48,523	0	
Iowa	do	Oct. 1, 1962	14,321	39	.3
Kansas	do	June 30, 1962	16,583	2,665	16.1
Kentucky	do	Dec. 31, 1962	26,235	2,927	11.2
Louisiana	do	June 30, 1962	38,239	INA	INA
Maine	July 1	Dec. 31, 1962	10,042	1,289	12.8
Massachusetts	Jan. 1	Sept. 30, 1962	116,779	22,494	19.3
Michigan	do	June 30, 1962	133,349	736	.6
Missouri	do	do	47,416	5,061	10.7
Nebraska	do	Dec. 31, 1962	9,068	2,105	23.2
Nevada	do	June 30, 1962	6,670	1,334	20.0
New Hampshire	July 1	Dec. 31, 1962	5,988	555	9.3
New Jersey	do	do	143,437	13	[3]
New Mexico	Jan. 1	June 30, 1962	9,720	1,955	20.1
North Carolina	do	Aug. 1, 1962	43,815	6,563	15.0
North Dakota	do	Dec. 31, 1962	4,560	410	9.0
Ohio	do	July 1, 1962	175,717	1,433	.8
Oregon	do	June 30, 1962	30,407	2,120	7.0
Rhode Island	do	Sept. 30, 1962	14,977		
South Carolina	do	July 1, 1962	14,004	6,102	43.6
South Dakota	do	Dec. 31, 1962	2,835	389	13.7
Tennessee	July 1	do	32,610	4,767	14.6
West Virginia	Jan. 1	June 30, 1962	19,154	2,686	14.0
Wisconsin	do	do	43,440	12,798	29.5
Benefit-wage ratio plan: [2]					
Alabama	Apr. 1	Dec. 31, 1962	158,615	16,392	10.3
Delaware	Jan. 1	Oct. 1, 1962	41,294	4,310	10.4
Illinois	do	June 30, 1962	656,302		
Oklahoma	do	Dec. 31, 1962	82,706	16,277	19.7
Texas	do	Oct. 1, 1962	356,826	91,039	25.5
Virginia	do	June 30, 1962	87,041	7,763	8.9
Benefit-ratio plan:					
Florida	do	Dec. 31, 1962	33,054	4,209	12.7
Maryland	July 1	Mar. 31, 1962	45,656	13,415	29.4
Minnesota	Jan. 1	June 30, 1962	38,993	8,577	22.0
Pennsylvania	do	do	249,645	9,107	3.6
Vermont	do	Dec. 31, 1962	4,661	967	20.7
Wyoming	do	June 30, 1962	6,451	2,378	36.9
Payroll variation plan:					
Alaska [4]	do	do			
Mississippi [4]	do	do			
Utah [4]	do	Jan. 1, 1962			
Washington [4]	June 30	do			
Compensable-separation plan:					
Connecticut [4]	Jan. 1	June 30, 1962			
Payroll variation and reserve ratio:					
New York	do	July 1, 1962	415,397	4,902	1.2
Payroll variation and benefit-ratio plan:					
Montana	do	June 30, 1962	8,156	3,080	37.8

[1] Classified by type of plan in effect at end of 1963.
[2] For experience rating purposes, benefit wages (all wages used as a basis for drawing benefits) used in the six benefit wage-ratio States; benefit payments used in others. [3] Less than 0.05 percent. [4] Charging of benefits not applicable. INA—Information Not Available.

The extent of noncharging of benefits or of "benefit wages" is substantial in a large number of States (table 4). Among the 32 States operating under a reserve-ratio experience-rating system, for example, the proportion of noncharged benefits was highest in South Carolina—43.6 percent.

Summary

This analysis illustrates how the taxing provisions in effect in the various experience-rating systems are operating to meet the needs of a dynamic program. Broad outlines of trends, wherever significant, have been indicated. The analysis points up the direction in which attention might be focused in a more detailed evaluation of an experience-rating system. This could include the question of whether the range in tax rates is adequate when measured against experience-rating objectives. The method of financing relatively large amounts of benefits not charged to particular employers (noncharges) also could be examined to see whether it achieves or impedes sound financing. To evaluate these and similar considerations would require detailed and far more comprehensive examination of an experience-rating system than was attempted here.

Issues Reflected in Recent Appeals Decisions*

Social Security Disability Benefits and Availability for Work

Is a claimant's application for social security disability benefits necessarily incompatible, for unemployment insurance purposes, with the contention that he is *able to work?* Since the purposes, philosophy, and principles of these programs differ, does this preclude concluding that a claimant for unemployment insurance benefits is *unable to work* because he is receiving OASDI disability benefits? In determining whether or not an unemployment insurance claimant is *able to work*, what evidentiary value should be placed upon the fact that he is also an applicant for OASDI disability benefits?

All State unemployment insurance statutes prescribe, as an eligibility requirement, that the claimant for unemployment insurance benefits must be *able to work*.[1] There is no significant variation in the interpretation of this requirement from State to State—it means that the claimant must be physically and mentally able to engage in some recognized work that ordinarily exists in his area of work.

The term *disability* connotes some degree of incapacity. For OASDI purposes, disability is defined as—

> * * * inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration * * * (Section 223(c)(2), Social Security Act.)

In 1958 the Bureau of Employment Security took the position that: (1) Mere application for disability benefits under the Social Security Act does not prove inability to work under the unemployment insurance laws; and (2) receipt of such disability benefits is some evidence but not conclusive proof that the recipient is not able to work within the meaning of the unemployment insurance laws. At the same time, the Social Security Administration stated that it did not necessarily consider an unemployment insurance determination that an individual was eligible for unemployment insurance as conclusively establishing that he is not "disabled" within the meaning of the Social Security Act. (Unemployment Insurance Program Letter No. 495, August 21, 1958.)

In interpreting the Social Security Act's definition of disability, Federal court decisions have held that to qualify for disability benefits under social security does not necessarily mean that the recipient must be totally helpless and totally unable to do any kind of work. Thus, when a claimant for unemployment insurance benefits is deemed ineligible because it is determined that he is unable to work as evidence by his receipt of social security disability benefits, he might well complain: "I am not helpless, there are several types of work I still can do." He could contend also that since social security (old age, survivors, and disability insurance) and unemployment insurance are two different programs, each having different criteria to establish eligibility, he might well be eligible for benefits under each program.

One type of decision dealing with unemployment insurance claims filed while the claimant is receiving social security disability benefits relies almost entirely upon the statutory language of the Social Security Act. A Kansas referee's decision (Appeal No. 30,284 F, July 24, 1964, Unp.) denied unemployment insurance benefits to a claimant

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*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

[1] Nine States (Alaska, Delaware, Hawaii, Idaho, Maryland, Montana, Nevada, Tennessee, and Vermont) have added a proviso that no claimant who has filed a claim and has registered for work shall be considered ineligible during an uninterrupted period of unemployment because of illness or disability as long as no work which is suitable, but for the disability, is offered and refused.

who had been held eligible for $70 per month in social security disability benefits. The decision read in part:

> According to the requirements of meeting the disability provision of the Social Security Act, a person must have a condition so severe that in the words of the law it makes a person unable to engage in any substantial, gainful activity. The Social Security Law further states that if a person can't do his regular work but can do other substantial, gainful work he cannot qualify under the disability provisions.
>
> * * * * *
>
> In view of the testimony of the claimant she has apparently, through examinations by doctors, proved under the Federal old age survivors and disability insurance that she is disabled and is to receive benefits from that program. The claimant, therefore, is unavailable for work and not able to work. She apparently cannot meet the three basic requirements of the Law which are—able to work, available for work, and making a reasonable effort to seek work. In other words, the claimant cannot say to one agency that she is disabled and to another agency that she is able to work.

Two principal opposing viewpoints are set forth succinctly in opinions by the commissioner and the court in a Connecticut case, *Rose Courtemanch* v. *The Administrator, Unemployment Compensation Act* (Superior Court of Fairfield County, No. 120137, June 8, 1964, Unp.). In this case, the claimant had been employed by a corset company from 1919 through December 29, 1961, and had been in charge of the payroll department. Due to multiple sclerosis she had been unable to walk for several years and had been able to get around only through the use of a wheelchair since 1957 or 1958. During this period, the claimant had been taken to and from work by her sister with whom she resided. The claimant's doctor, on June 7, 1962, certified that the claimant was suffering from multiple sclerosis but that she was able to work. A counselor at the Connecicut State Employment Service considered the claimant employable and believed that there was a reasonable possibility of her finding a job because of her skill and long experience in a type of work which did not require walking around in the office where it was performed.

The claimant registered with the Employment Service when she initiated her claim for unemployment compensation and kept in constant contact with the local office in her efforts to find work. In the spring or early summer of 1962, the claimant was found eligible to receive disability payments under the Federal Social Security law. Because of this finding, the administrator of the State employment security agency ruled that the claimant was not able to work within the meaning of that phrase in the Connecticut unemployment insurance law even though she had been employed for many years while handicapped, and even though the Employment Service still considered her as an employable person. The claimant appealed from this decision.

In reversing the administrator, the appeals commissioner quoted the Social Security Act's definition of disability (quoted earlier in this article) and the requirement of the Connecticut unemployment insurance law that an unemployed person shall be eligible for benefits only if he is physically and mentally able to work and is available for work and has been and is making reasonable efforts to obtain work.

The commissioner then noted the similarity in definition of disability between the Social Security Act and the War Risk Insurance Act of World War I. In a leading U.S. Supreme Court case (*Berry* v. *U.S.*, 312 U.S. 450 (1940)) Justice Black referred to the definition of disability under the latter act and said that it did not require complete helplessness, inability to do any work, or abandonment of any effort to do work. The commissioner cited a number of court decisions that have similarly applied the definition of disability in social security disability cases, noting with special interest the U.S. District Court (Michigan) Decision of *Randall* v. *Flemming* (192 F. Supp. 62 (1961)) that a claimant who was able to do some work and who had been held eligible for unemployment insurance also met the requirements for disability under the social security definition.

Returning to a discussion of the claimant Rose Courtemanch, the commissioner stated:

> For our purposes, this claimant was able to work, to do the same kind of work that she had been doing while in the wheelchair during the last 4 or 5 years that she worked for Crown Corset. She had registered with the Employment Service and kept in constant contact with them. From this we conclude that she was making reasonable effort to find work for somebody in her position. Thus, the only reason we can find from these facts to rule that she is not physically able to work within the meaning of the statute is if the Social Security finding of disability precludes us from finding that she is physically able to work.
>
> The social security conclusion of disability under that Federal statute as it has been interpreted by the Courts does not so preclude us since the social security law contemplates that a person may be disabled and still be physically able to engage in some employment. The law, despite its language, does not mean that a person to get

social security disability benefits must be helpless. It is, therefore, possible to be legally disabled under the social security law and contemporaneously able to work under the unemployment compensation law of a State. This is what happened in the Michigan case where Chief Judge Starr wrote the opinion; and this is borne out by the other Federal case law on the meaning of disability.

Therefore, we rule that the claimant in the instant case is entitled to benefits under the Connecticut statute during the weeks in which she filed.

However, the court reversed this decision; its rationale was that the claimant would be unable to qualify for OASI disability benefits if there were an adequate market for her skills in the area. The court stated—

The issue really is whether this person is capable of performing some sort of work for which there is a call in the general labor market. While the claimant has skill for which there is a market, the question is whether there is a market for her skill with the physical limitations of the claimant.

The problem was really resolved when the claimant qualified for disability benefits under Social Security insurance. Two requirements must be met to qualify. The first is whether the claimant's physical impairment can be expected to be of long, continued, and indefinite duration and the second is whether the claimant is able to engage in any substantial gainful activity. In other words, what can the claimant do, and is there employment opportunity for a person who can do only what the claimant can do?

Mere theoretical ability to engage in substantial gainful activity is not enough if no reasonable opportunity is available.

Accordingly, by qualifying for social security disability benefits, the claimant here has established her physical inability to work and her unavailability for work in the general labor market.

The question of a claimant's ability to work, when at the same time he had applied for social security disability benefits, arose in New York Referee Decision No. 518–746–62 (Jan. 2, 1963). The claimant, a newspaper copywriter and analyst, had a respiratory ailment. This condition limited his physical effort; he was unable to walk upstairs; and he could not go out in inclement weather. He submitted medical evidence to the Social Security Administration (SSA) when he applied for disability benefits. His SSA claim was pending at the time the referee was hearing his claim for benefits under the UI program. The claimant was asked to submit medical evidence of his physical condition to the Division of Employment, but had not done so, on the ground that he could not afford to pay for the reports. Efforts to obtain medical records from the SSA, with the claimant's consent, were unsuccessful because the SSA holds personal information confidential. The referee, in affirming the administrator's determination of ineligibility because of incapability, cites an Appeal Board decision to the effect that a claimant who has certified to the Federal agency that he is totally disabled from engaging in any substantial activity cannot, at the same time, certify ability to work and collect unemployment insurance benefits. He then concludes—

• • • Claimant cannot qualify for the social security disability benefits until he establishes total disability from engaging in any substantial gainful employment for a period of 6 months prior to the effective date of an award. One of the prerequisites for filing such an application is that claimant must be disabled from substantial gainful employment for a period of 4 months prior to filing. In support of such application, medical evidence is necessary. Claimant concedes that medical evidence was submitted to the Social Security agency. No medical evidence, or a copy of his social security application, has been submitted in his claim for unemployment although requested from him. Under the circumstances herein, I find the claimant was incapable of and unavailable for employment within the meaning of the Unemployment Insurance Law.

The Appeal Board (No. 98,779, Apr. 1, 1963) affirmed the referee's determination. The case was appealed to the State Supreme Court, Appellate Division, Third Judicial Department. The court, in its decision (243 N.Y.S. (2d) 971 (1963)) reversing and remitting the case to the Board to give the claimant further opportunity to present medical evidence, stated:

It seems clear that claimant was uncertain whether his respiratory condition, which greatly restricted his physical activities, but not, necessarily, some self-employment in work upon promotional ideas and programs, was of such a nature as to disqualify him from unemployment insurance benefits and whether, if it was, it was so serious as to entitle him to disability benefits from the Federal Social Security Administration. In this quandary, claimant made application to both agencies and it is undisputed that he did so without concealment or intent to defraud. Indeed, claimant requested the Social Security Administration to make available to the Industrial Commissioner the medical data compiled in his case, but this the Administration refused to do.

In this case, claimant's application to the Social Security Administration might properly have been treated as evidence supportive of a factual determination of disability and consequent disqualification; but we are unable to determine whether the board gave the application that effect or whether the decision is to be construed as embodying the legally erroneous holding that the mere filing of the application established disability and consequent disqualification from unemployment benefits as a matter of law.

Upon remand, the Appeal Board, in its decision of August 31, 1964 (Appeal No. 98,779), found that—

> The creditable evidence establishes that despite his respiratory condition, claimant's ability to pursue his usual vocation did not substantially diminish at the time he filed his application for Federal disability benefits, and that there was no material difference in his health condition during the period of his employment and the period at issue.
>
> * * * * *
>
> Claimant's application for disability benefits under the Federal Social Security Act and his receipt thereunder are evidentiary matters, but do not constitute conclusive proof of incapability under the provisions of the Unemployment Insurance Law. This is especially true, since the Social Security Act encourages the resumption of work by recipients of disability benefits, in that the Act specifically requires a recipient for such benefits to submit to vocational rehabilitation. Moreover, the Act provides for the continuance in the payment of disability benefits notwithstanding that the recipient thereof engages in employment for a period of time while receiving such benefits. (Section 222 of the Federal Social Security Act, as amended.) (See Appeal Board 113,369.) We therefore conclude that claimant was capable of employment except during the periods he was ill with a bronchial condition.

As shown by these cases, some questions have been raised among State employment security agencies as to what consideration should be given to a claimant's application for, or receipt of, social security disability benefits in determining his ability to work within the meaning of State unemployment insurance laws. Can a claimant say to one agency that he is disabled and to another that he is able to work? Should a person who has made application for either unemployment compensation or disability benefits be precluded from receiving either because he has applied for the other? Since UI and OASI are two different programs with different criteria for eligibility, is it possible for a person to be eligible under both programs? Should an employment security agency, in determining benefit rights, obtain and examine the facts that relate to a claimant's ability to work, on a case-by-case basis, and make its own independent determination as to a claimant's eligibility under the State's unemployment insurance laws?

Unemployment Insurance Decisions*

Last Inning

Connecticut.—The promotion of a modest baseball pool on a world series game by a luncheonette waitress precipitated an argument when the employer called her at home in the evening to advise her he had won, whereas the claimant thought she had won. In the telephone conversation, the claimant used some "stiff language" and hung up before the employer could think of a proper retort. The employer then told the claimant's sister-in-law, also an employee, to advise the claimant that she was fired, but that he relinquished his claim to the pool winnings. The employer had softened, however, by the time the claimant went to obtain her separation slip and offered to continue her on the job. The claimant insisted that she remain discharged.

The Commissioner in his decision (Case No. 1340–A–64, Dec. 10, 1964) noted that "The general conduct of the parties toward each other, although it might not be considered seemly in what is called 'polite society,' was not so uncommon between them that it rendered the claimant's refusal to work warranted." The Commissioner explained that while normally a discharge under these circumstances, in the course of which tempers of both parties became ruffled, might well make the work unsuitable, the conduct of the parties in this case was not so diverse from nor inconsistent with the normal pattern of behavior between them as to make her continued employment intolerable. She was held to have refused an offer of suitable employment.

Marital Ties

Kentucky.—The claimant and her husband were hired as a team to manage a motel. The claimant's husband quit in the course of argument with the motel owner. The claimant was given her pay and told "That is all." The claimant contended that she would have continued working if permitted to do so. In its decision the Kentucky Unemployment Insurance Commission (C.O. No. 5749, Sept. 30, 1964) posed this question: If husband and wife are hired as a team, and the husband leaves the job, justification or lack thereof not being known to the Commission, is the dismissal of the wife a voluntary quitting without good cause; a discharge for misconduct connected with the work; or a discharge for reasons other than misconduct?

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

The Commission agreed with the result reached by the referee that, although hired as a team, her husband was not an agent either for the purpose of constructively quitting or for the commission of an act of misconduct. The Commission added: "The fact that the 'team' was husband and wife has no legal significance herein. The situation is the same as if there has been no personal relationship between them. They were not paid as a team, but separately. If the employer did not treat them as a unit for pay purposes, we cannot treat them as a unit for unemployment insurance purposes."

Trash Treasure

California.—A boxboy for a grocery chain was discharged when he was observed by a fellow employee picking up trading stamps from the trash and rubbish which he swept up as a part of his duties. These stamps had been discarded by customers and had ordinarily been disposed of with the trash. The claimant, by salvaging them, had been able to trade them in for premiums. Initially, the claimant was held to have been discharged for misconduct connected with his work on the basis that he had violated a company rule regarding the appropriation of employer's property, but the California Unemployment Insurance Appeals Board reversed that decision (Benefit Decision Case No. 64–2875, Sept. 21, 1964).

The Board noted that the employer could have specifically directed its employees to abandon any interest in loose stamps lost or abandoned by customers on the employer's premises but did not do so. The Board explained that the employer "* * * in effect had abandoned any interest of ownership in the stamps. This conclusion is based on the fact that the claimant for months had been disposing of such loose stamps with the regular trash, the employer did not reissue such stamps to its customers, and there is no evidence that the employer was interested in the recovery of such stamps for the purpose of exchanging them for complete books of stamps.

"In view of our finding that the employer had abandoned any proprietary interest in such loose stamps, we cannot find that the claimant appropriated the property of the employer."

22 and Out

Nevada.—A Nevada gambling casino 21 dealer was discharged on the basis of an observer's adverse report concerning her dealing. The observer's report noted that her performance on the evening in question included several of the "common" dealing errors listed in the employer's training pamphlet for dealers. She had, according to allegations, dealt the last card and failed to recover it from a player as required by instructions; had failed to offer to deal an additional card for a "hit" card, as it is termed, and failed to take money from a player losing a bet. The game had been under special observation from a concealed observation point because of the employer's suspicion concerning a particular group. This same group of players also made the claimant uncomfortable by their various methods of play. While the game was under observation, the winnings of this group of customers were unusually high or, in the language of the trade, the dealer was "running cold."

The referee's decision (A–12–747, Sept. 22, 1964) held that the claimant was discharged, but not for misconduct, because even if some improper techniques had been used, there was no indication that they were deliberate. There was indication that the high degree of concentration required was upset by the claimant's reaction to the players, and, that the employer's suspicion concerning the players had subjected the claimant's performance to scrutiny much more intense than was customary.

Trends in the Economy*

THE NATION'S economy showed continued strength in November, with increased activity in most key areas. Industrial production, rebounding from the effects of the auto strike, reached a new record. Personal income increased substantially; employment had a better-than-seasonal movement; and total unemployment dropped to its lowest November level in 7 years. Major measures of the economy were well ahead of both month-earlier and year-earlier levels.

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

Business Activities

The *industrial production* index (seasonally adjusted) rose to 134.9 percent (1957–59=100) in November from 131.7 percent in the previous month—nearly a full point above the previous record of 134.0 percent set in September, and 7.9 points above the index figure of November a year ago. Output increases were shown in public utilities and durable goods manufacturing. The production index for all manufacturing, at 135.8 percent of the 1957–59 average, was nearly 3 percent above the October level; in durable goods, the index was 5.2 percent above that in the preceding

month. The resurgence of auto output, following settlement of a labor dispute, was the major factor in the over-the-month pickup. The auto index rose to 145 percent in November, compared with the October figure of 83 percent.

The 11.3 million tons of steel produced during November represented a new high for that month, and marked the fifth consecutive monthly record. Output continued to be stimulated by large-scale demand from auto producers for current use; however, there was some evidence of stockpiling as a hedge against the possibility of a steel strike. On a weekly basis, output averaged 2.6 million tons in November, approximately the same as in the previous month; in November 1963, production averaged 2.0 million tons per week.

The November volume of *new orders for durable goods*, at $19.4 billion (seasonally adjusted), compares with $19.5 billion of the previous month. The November total was also below September's $19.9 billion and the record $21.2 billion set in July. A decline in Government defense orders, largely in the aerospace sector, was offset, in large part, by a November pickup in orders from the machinery and motor vehicle and parts industries. Compared with a year earlier, new orders were some 7 percent higher, with substantial increases occurring in the primary metals and machinery industries.

Shipments of durable goods rose to a seasonally adjusted $19.3 billion in November, up from $18.5 billion in October, with much of the increase reflecting the resumption of automobile shipments. Primary metals shipments also rose somewhat between the 2 months. November durable goods shipments were 6 percent above a year earlier.

The *backlog of unfilled orders* for durable goods rose to $53.4 billion (seasonally adjusted) in November, as increased backlogs in primary metals and in fabricated metals and machinery more than offset a decline in unfilled orders in the aircraft and parts industry. The order backlog in November was $300 million higher than the October figure and $6.3 billion above a year earlier.

The seasonally adjusted annual rate of *personal income* rose to $502 billion in November—some $3.3 billion above the October level. This was the first time in history that the rate exceeded $500 billion. Much of the rise took place in wages and salaries, partly reflecting the return to work of auto workers following settlement of a labor dispute. Payrolls in trade also improved in November, as did service payrolls, while those in government showed a slight decline.

After declining in October, *retail sales* showed little change in November—totaling $21.3 billion (seasonally adjusted). The auto strike, the major factor in the October decline, also had a dampening effect on November sales since dealers had not completely restocked their inventories. Nevertheless, 567,900 autos were sold during the month, up somewhat from the October figure.

Construction spending in November rose to a seasonally adjusted annual rate of $65.6 billion, up from the October rate of $65.2 billion, and the $65.1-billion figure of November a year ago.

Actual construction outlays (unadjusted) during the month were down somewhat in both the public and private sectors. The $4.0 billion private total was 2 percent less than in October. November outlays of $2.2 billion on private nonfarm housing were down by 4 percent from October and by 6 percent from a year earlier. Spending on industrial and commercial buildings rose over the month, as did outlays for utilities. The public construction total, at $1.8 billion, was some 12 percent less than in the previous month, but was 3 percent above that of November 1963.

Private housing starts were at an annual rate of 1.4 million (seasonally adjusted) in November, down 11 percent from the revised figure of 1.6 million for October, and some 10 percent below starts of a year earlier. All regions except the West (which had only a moderate rise) shared in the October–November decline.

At 108.7 percent of the 1957–59 average, the November *consumer price* index was up by 2 percentage points from the previous month, and 1.3 points from the year-earlier figure. The over-the-month rise was attributed largely to higher new and used car prices; other contributing factors were higher rents and increases in the cost of apparel and medical fees. Food prices, however, moved down during the month; lower prices were reported for meats, citrus fruits, and apples.

Employment

Total civilian employment, at 70.8 million, was down by 330,000 from October—a less than seasonal decrease for this time of year. A rise of 250,000 in nonfarm employment (which usually falls at this time of year) brought that total to 66.2 million, the highest November level on record.

Agricultural employment declined seasonally, by 581,000 to 4.5 million.

The number of workers on nonfarm payrolls rose by 200,000 to an all-time high of 59.3 million, some 1.7 million above a year earlier. The largest over-the-month gain was in factory jobs, as an increase of 219,000 in the transportation industry (following settlement of the auto workers' labor dispute) more than offset small losses in other manufacturing industries. Trade employment rose by 157,000 over the month, and was up by 387,000 from a year earlier. The largest decline—some 112,000—was in contract construction; however, this drop was less than seasonal and employment in the industry, at 3.3 million, was the highest on record for November.

Compared with a year earlier, total civilian employment was higher by nearly 1.5 million. Employment among adult men was up by about 703,000; among adult women, by 431,000; and among teenagers, by 333,000.

Unemployment

Total unemployment in November stood at 3.4 million—the lowest November figure since 1957. An increase of 100,000 occurred during the month, but this rise was less than seasonal. A year earlier the jobless total was 3.9 million.

The seasonally adjusted rate of unemployment dropped from 5.2 percent in October to 5.0 percent in November; this compares with the rate of 5.9 percent a year earlier. Men 20 years and over showed a jobless rate of 3.5 percent in November—down from October's 4.0 percent and the year-ago rate of 4.5 percent. The unemployment rate for adult women, at 5.0 percent, was unchanged from October, but was below the 5.6-percent rate of November 1963. The rate for teenagers rose from 14.4 percent to 14.9 percent; last November, their unemployment rate was 17.0 percent.

Included in the jobless total this November were 759,000 long-term unemployed (persons unemployed 15 weeks or longer), 21,000 less than in the preceding month and 105,000 below the number a year ago. Approximately 387,000 of the long-term unemployed had been looking for work for more than 6 months, about the same number as in October but 56,000 fewer than in November 1963.

Insured unemployment under State programs rose by 154,900 during November to an average of 1.3 million per week. This figure was, however, nearly a quarter of a million less than that of a year earlier. (See "Insured Unemployment Activity," this issue.)

The number of *initial claims* filed under State programs averaged 276,200 in November—23 percent higher than in the previous month, but some 5 percent less than the year-earlier total.

Insured Unemployment Activity*

After remaining virtually unchanged between September and October, insured unemployment under State programs rose seasonally in November, by 154,900 to a weekly average of 1,293,100—nearly 250,000 below the year earlier figure. The October–November rise resulted primarily from seasonal cutbacks in construction and other outdoor activities. Increased unemployment in apparel, electrical machinery, and food processing plants also contributed to the rise, along with the secondary effects of a labor dispute in the auto industry. On a seasonally adjusted basis, insured joblessness remained at or near the 1.5-million level for the seventh successive month. In both October and November 1963, the seasonally adjusted total was 1.8 million.

The volume of insured unemployment under the two Federal programs also rose this past November. Joblessness among Federal employees (UCFE program) moved up by 2,300 to a weekly average of 27,300, while that among ex-servicemen (UCX program) rose to a weekly average of 39,600—some 4,300 above the October average.

The national rate of insured unemployment (not seasonally adjusted) was 3.0 percent in November, compared with 2.6 percent in October and 3.6 percent a year earlier. The highest rates (unad-

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

justed) in November were reported by Alaska (7.4 percent), Washington (6.5 percent), Puerto Rico (6.4 percent), California (5.5 percent), Nevada (4.6 percent), New York and Massachusetts (3.9 percent each), and Oregon (3.8 percent). Included among the States with rates below the national average were Illinois, Indiana, Michigan, Ohio, Texas, and Wisconsin.

Regionally (Census Bureau definitions), the lowest rates during November were reported for the East North Central (1.8 percent), South Atlantic (1.9 percent), and West North Central (2.1 percent) regions. The highest rates were shown by the New England (3.4 percent), Middle Atlantic (3.6 percent), and Pacific (5.4 percent) regions.

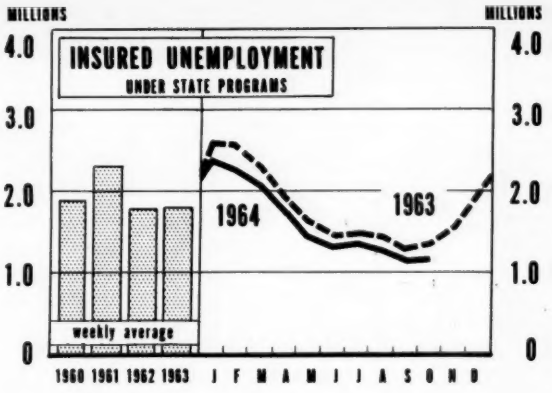
Insured Unemployment Up in Most States

Except for Florida, Georgia, Puerto Rico, and Delaware, all States showed higher volumes of insured joblessness between October and November. Most of the increases were moderate, amounting to more than 8,000 in only four States—California, New York, Ohio, and Washington.

California reported by far the largest rise (49,000), raising the State's weekly average to 234,100. About three-fifths of the more-than-seasonal rise was due to increased unemployment among workers from the construction, trade, and service industries. In manufacturing, the bulk of the rise occurred among workers from food processing plants; most of the remainder was in the lumbering industry. The State's November level of insured unemployment was 22,700 higher than a year earlier; nearly three-fifths of the rise was among construction workers.

In *New York*, insured unemployment averaged 198,300 per week, in November—up by 23,500 from October. This seasonal rise largely reflected higher unemployment in the construction, public utilities, and service industries. In the manufacturing sector, joblessness rose in the apparel trades, but decreased among workers in transportation equipment. The November figure was down by some 24,600 from a year earlier—mostly because of lower volumes in apparel and primary metals manufacturing and in trade establishments.

Ohio's somewhat more than seasonal rise of 8,700 brought the State's November total to 46,500. The increase was attributed to a moderate rise in insured unemployment in construction, and to



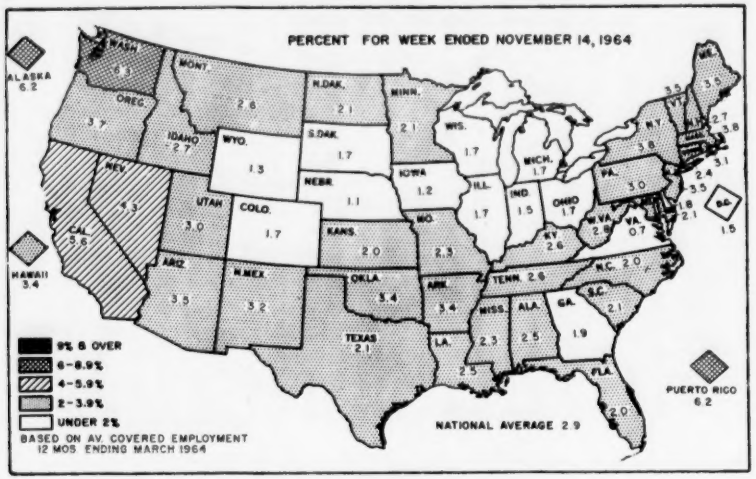
small employment cutbacks among workers from a wide variety of other industries. From November 1963, insured unemployment was down by 25,800. Slightly more than half of the decline reflected improvement in manufacturing industries, primarily among workers in metals.

Insured unemployment in *Washington* moved up over the month by 8,200 to a total of 40,700. Increased joblessness among construction and trade workers accounted for about two-fifths of the increase. Compared with November 1963, the State's insured unemployment total was down by 7,000, largely reflecting decreased unemployment in construction, service, and transportation equipment industries. *Puerto Rico* reported by far the largest over-the-month drop (20,800), primarily due to reduced filing by sugarcane workers.

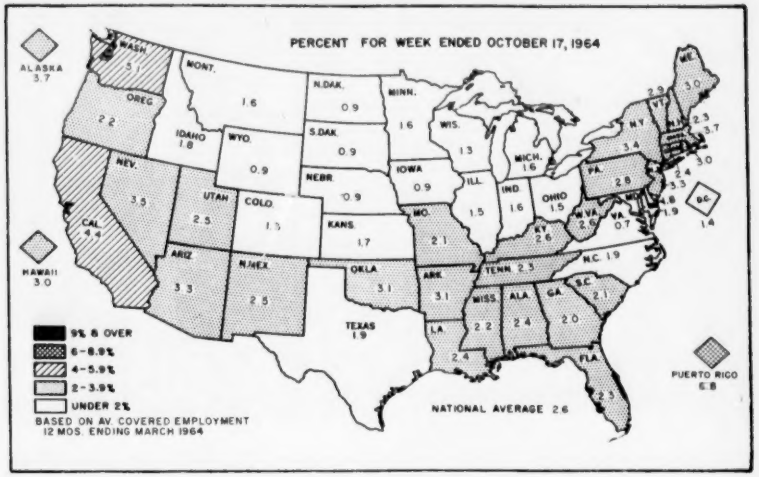
In four States with only moderate over-the-month rises in insured joblessness there were substantial declines from a year earlier. The largest decline from November 1963 was reported by *Pennsylvania* (52,200); nearly one-half of the decrease took place in manufacturing. Among nonfactory workers, the most substantial reductions in joblessness were reported in the construction, public utilities, trade, and service industries. *Illinois* reported an insured unemployment drop of 17,600 from a year earlier. Sizable decreases occurred in the construction, trade, and service industries, and in the manufacturing sector there were fewer jobless workers from electrical machinery plants. In *New Jersey*, insured unemployment dropped by 17,400 over the year. Nearly one-half of this decline was due to less joblessness in the apparel trades. Moderate reductions in insured joblessness among apparel, electrical machinery, transportation equipment, and leather workers, accounted for most of a 17,100 drop in *Massachusetts*.

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

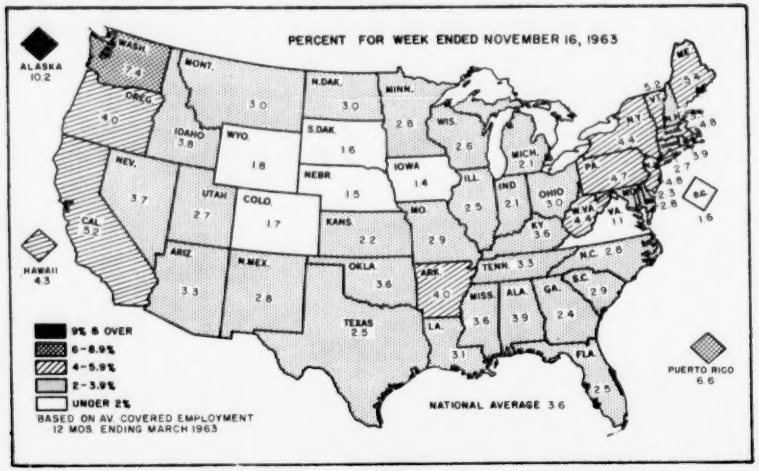
LATEST MONTH



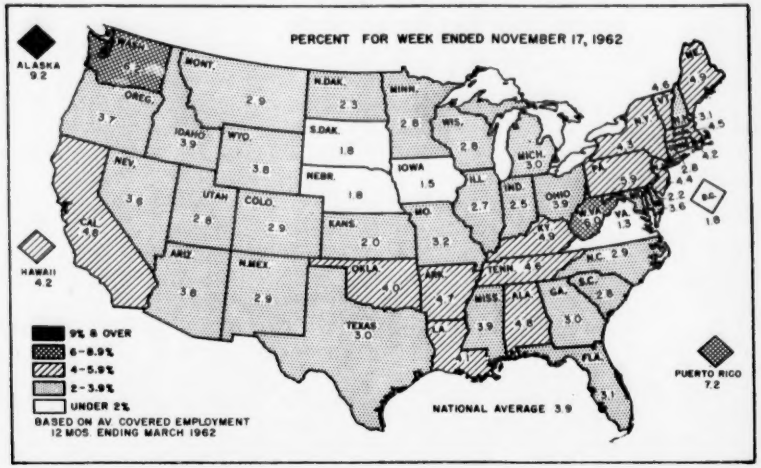
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



Week ended—	Initial claims [1]		Insured unemployment [1]	
	1964	1963	1964	1963
October 3	212, 200	249, 400	1, 106, 400	1, 286, 700
October 10	237, 100	252, 500	1, 112, 300	1, 306, 500
October 17	202, 800	247, 100	1, 136, 200	1, 325, 800
October 24	228, 300	258, 500	1, 159, 300	1, 358, 800
October 31	234, 800	273, 200	1, 157, 800	1, 388, 700
November 7	246, 300	312, 900	1, 181, 700	1, 448, 500
November 14	250, 100	282, 500	1, 255, 400	1, 526, 200
November 21	320, 600	317, 800	1, 274, 700	1, 513, 600
November 28	273, 600	258, 700	1, 423, 600	1, 710, 100
December 5	346, 100	376, 500	1, 475, 400	1, 748, 300
Weekly averages				
October	224, 500	255, 700	1, 138, 200	1, 332, 900
November	276, 200	292, 000	[2] 1, 293, 100	1, 541, 900

[1] Refers to State programs only. [2] Average through Nov. 30, 1964.

Initial Claims Up More Than Seasonally

Under State programs, initial claims in November averaged 276,200—23 percent above the October average but about 5 percent below the November 1963 figure. The rise, slightly more than seasonal, was attributed to curtailments in construction and other outdoor activities and in food processing, apparel, and electrical machinery.

Initial claims filed by ex-servicemen (UCX program) averaged 6,250 per week in November—about 400 more than in October. The average number of claims filed by Federal workers (UCFE program) was unchanged over the month at 2,800.

Claimant Exhaustions Decline Further

During November, some 894,000 persons dropped out of the State unemployment insurance programs—down from the 942,500 in October and 1.1 million in November 1963. About 83,100 (9.5 percent) of those who ceased filing this November had exhausted their benefit rights. This was a decrease of 3,400 from the month earlier figure and 11,200 from a year ago. The remainder of the dropouts presumably had been recalled to work or had found new jobs, or had left the labor force or had been disqualified for receipt of benefits.

Jobless Benefits Decline in October

In October, about $158 million in benefits was paid to insured jobless workers under all regular unemployment insurance programs, compared with $164 million in September and $190 million in October 1963. Included in the total benefit amount this October was $143 million paid to jobless workers under State programs—$5.2 million less than in the preceding month. Under the railroad program, benefits amounted to $5.6 million, while an aggregate of $9 million was paid to claimants under the two Federal programs.

Under State programs, the average weekly benefit check in October for total unemployment was $35.92, an increase of 52 cents from September and 77 cents above the year earlier figure. The highest average weekly benefits were paid in California ($44.40), Colorado ($43.44), New Jersey ($39.54), Wisconsin ($39.48), and New York ($39.33). Puerto Rico and four States—Maine, Mississippi, North Carolina, and West Virginia—reported weekly benefits averaging less than $25.

Of all unemployment benefit checks disbursed in October, slightly more than 10 percent were for partial unemployment, compared with 9.3 percent in September. The proportion of claimants receiving weekly checks for partial unemployment ranged from 1.9 percent in Puerto Rico to 22.4 percent in North Dakota, and 23.9 percent in New Hampshire. The average weekly partial check amounted to $20.41—$1.08 less than in September but 36 cents above the year earlier amount.

Activity [1]	Number or amount, October 1964	Percent change from—		January–October cumulative (in thousands)	
		September 1964	October 1963	1964	1963
Initial claims [2]	966, 400	+12. 6	−17. 3	11, 135	12, 414
Weeks claimed [2]	4, 852, 900	−4. 5	−16. 5	70, 928	79, 598
Insured unemployment (weekly average) [2]	1, 138, 200	+1. 2	−14. 6	1, 627	1, 817
Beneficiaries (weekly average)	908, 100	−3. 7	−15. 1	1, 408	1, 569
Benefits paid [3]	$143, 165, 200	−3. 5	−16. 7	$2, 165, 422	$2, 376, 518
Claimant exhaustions	86, 500	−4. 9	−21. 0	1, 186	1, 356

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[r] Monthly figure represents gross amount; cumulative data represent net amounts.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, STATE PROGRAMS, OCTOBER 1964

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending Oct. 31, 1964 (in thousands)		Funds available Oct. 31, 1964 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total, 52 States ...	9/966430	9/4852949	9/1138212	908090	$35.92	36479	$1431658202	$2563572	$3238791	$7293239
Alabama	11377	52985	13726	10245	28.88	1247	11339927	18877	37465	81635
Alaska	1501	4256	1393	1044	33.86	119	1433587	5740	8360	10/97795
Arizona	7615	38163	8896	6881	36.64	710	10973317	12433	15018	56772
Arkansas	8919	38796	9218	6059	26.71	745	6855941	12774	13844	30476
California	158496	804234	185090	140061	44.40	13082	3653 1696	9/499074	521598	656453
Colorado	5698	20401	4801	3470	43.44	285	6456466	12490	19533	56714
Connecticut	15198	85108	19296	16803	37.20	2184	26860888	47707	56410	179510
Delaware	2095	10169	2384	2241	35.75	202	3427700	7659	10500	19074
Dist. of Col.	2792	18069	4124	3917	38.64	342	6610225	10162	9574	63058
Florida	16417	103974	23090	17986	27.13	4143	20979.49	24689	45694	152703
Georgia	10463	67815	15790	10980	28.90	1719	12915530	20116	36641	169811
Hawaii	3175	21147	5161	3893	39.18	278	6317790	8138	11486	19513
Idaho	2411	8600	2276	1529	33.49	121	2319107	8452	9343	27344
Illinois	33361	179745	41258	35238	36.58	4114	54769.00	119553	178021	473900
Indiana	22130	61172	18505	12003	30.88	1601	15483334	36142	48605	162101
Iowa	3656	17393	4084	3154	29.20	389	3856.73	10378	14283	110728
Kansas	4716	25787	6079	5287	37.58	502	8536.06	16064	16988	63000
Kentucky	9671	52991	12288	9029	32.09	1022	11823.99	25797	30514	109790
Louisiana	10640	59293	13314	11636	30.47	1239	14914.59	25539	34086	112559
Maine	4986	25075	6062	4625	24.03	823	4429.00	9565	12617	30169
Maryland	14340	61802	14292	12690	34.45	1141	18459.54	35615	67943	149640
Massachusetts	42119	245247	55375	49740	39.09	4784	77582.39	135436	137090	197969
Michigan	28888	109578	30298	19533	36.03	1847	30361.19	79688	189251	10/421730
Minnesota	9310	53255	12250	9725	29.37	1100	12323.73	37005	29740	214668
Mississippi	5774	27818	6514	4943	24.09	544	4960.56	11888	20186	47504
Missouri	23267	86912	20617	14648	32.33	1297	19047.27	37535	49617	222106
Montana	1811	6877	1900	1469	30.29	200	2025.57	7249	5864	20011
Nebraska	1835	9170	2328	2253	32.07	286	3092.70	8995	10400	41626
Nevada	3948	17505	4100	3646	38.94	343	6145.72	9694	13448	29068
New Hampshire	3765	15246	3715	2744	32.21	330	3395.20	7090	8054	25489
New Jersey	44881	229963	52915	49484	39.54	5262	82504.50	155123	140598	290764
New Mexico	4113	16526	4327	3557	29.95	272	4550.29	8015	7807	35246
New York	177690	747140	174818	152246	39.33	10918	24617763	413315	476880	1214337
North Carolina	18909	78656	19494	17779	24.69	1515	18182.34	35771	50204	212461
North Dakota	628	2521	735	369	34.65	42	5442.5	5689	5331	7368
Ohio	35197	158900	37781	27595	37.06	2633	44031.79	115793	206470	214949
Oklahoma	8480	52584	12222	10145	26.59	1026	11602.07	15363	19605	44140
Oregon	12955	39995	9709	6427	35.29	550	9715.28	24778	38546	84396
Pennsylvania	73535	351567	80568	69884	29.11	4322	83071.46	188129	283247	10/2 44520
Puerto Rico	9/15299	9/266196	9/58704	10396	16.75	2778	81484.7	9/15607	19679	50558
Rhode Island	7358	32373	7263	6539	31.81	660	8680.80	15356	21614	46879
South Carolina	8271	42907	9866	8078	27.73	1073	9650.62	15414	20592	84915
South Dakota	698	3122	762	554	29.26	100	672.29	3450	2870	14858
Tennessee	11193	74877	17196	13129	27.36	1571	15204.55	29070	41451	83856
Texas	24648	142357	36051	29757	29.70	4361	38005.08	57952	61366	235867
Utah	3151	20942	5050	4004	37.63	327	6523.02	12038	10947	39922
Vermont	2141	9261	2232	1752	32.94	154	2359.82	9/6170	4570	6842
Virginia	6720	25773	5784	4367	29.06	633	5441.97	13531	26693	133099
Washington	23648	135949	32523	27723	32.69	4	39401.63	63181	59741	204873
West Virginia	6065	36109	8370	6381	24.15	644	6571.818	15145	17698	59265
Wisconsin	12650	52809	12987	9963	39.48	11/854	16793.61	48221	48102	201228
Wyoming	749	2545	630	489	36.04	41	7365.6	2916	6518	8185

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day workweek.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $5,912,935 in payments under extended duration provisions of State laws in two States: California, $5,859,761 and Puerto Rico, $53,174.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund to: Alaska, $2,630,000 in January 1957, $2,635,000 in February 1958, $3,000,000 in July 1958, and $500,000 in January 1960; Michigan $113,000,000 in September 1958; Pennsylvania $96,440,000 in April 1959, $1,504,000 in May 1960, $4,056,000 in July 1960, $7,400,000 in March 1961, $1,800,000 in May 1961, and $800,000 in August 1961.
11/ Represents data on a "per employer" basis and is not strictly comparable with data for other States.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, FEDERAL PROGRAMS,[1] OCTOBER 1964

State	UCFE					UCX				
	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]
Total, 53 States	12091	106904	22803	$3985533	$37.33	25209	150505	31009	$504 3159	$36.02
Alabama	264	1691	370	45711	28.11	464	2885	646	86601	30.45
Alaska	118	848	229	36745	36.42	37	200	51	7971	35.58
Arizona	202	1549	346	57397	37.69	357	1894	383	64203	38.13
Arkansas	118	846	149	17879	27.34	234	1279	242	33323	31.38
California	1627	19215	3529	989207	48.25	4052	26360	4904	1048714	42.64
Colorado	129	552	72	12257	38.79	222	1153	204	35114	39.10
Connecticut	84	594	107	18587	39.38	193	1161	200	30036	34.05
Delaware	15	162	25	4721	42.15	50	275	61	10959	40.74
Dist. of Col.	305	3979	1094	210828	43.79	104	797	198	33526	38.49
Florida	218	1855	250	32987	30.09	656	4475	915	127157	31.60
Georgia	403	2766	465	66614	32.53	366	2308	470	68935	33.35
Hawaii	132	1169	348	67270	43.94	104	628	150	29787	45.00
Idaho	59	340	65	10199	35.66	102	273	52	8178	36.03
Illinois	404	3783	903	139606	35.14	856	3332	690	105599	34.81
Indiana	234	678	164	23163	32.13	442	1639	340	48272	32.27
Iowa	37	220	49	6252	29.21	140	598	119	15777	30.17
Kansas	61	546	115	18522	36.53	205	906	208	35245	38.44
Kentucky	173	1603	323	47877	33.67	473	4033	837	131064	35.61
Louisiana	139	1494	273	37394	31.16	334	2401	500	74345	33.82
Maine	60	378	63	6497	23.37	124	601	116	16384	32.19
Maryland	201	1101	224	35319	35.82	473	1600	355	56073	35.85
Massachusetts	367	5501	1384	267226	43.87	598	4140	1023	181304	40.26
Michigan	212	1384	286	42118	33.43	1073	4230	824	117248	32.34
Minnesota	141	1060	258	27393	24.09	417	2825	651	99771	34.84
Mississippi	96	810	154	15011	22.14	123	620	123	15605	28.79
Missouri	218	2133	426	57408	30.65	470	2437	514	76482	33.81
Montana	84	377	90	12715	31.95	58	172	43	6092	31.90
Nebraska	46	317	110	15761	32.50	41	251	70	10607	34.22
Nevada	39	279	66	11395	39.43	92	382	81	13917	38.98
New Hampshire	70	594	196	37298	43.38	93	356	77	14048	41.69
New Jersey	282	2584	430	81531	43.14	798	5350	1059	191621	41.13
New Mexico	262	1385	335	45008	30.51	234	1137	263	37580	32.48
New York	1156	9075	1857	317977	38.98	2122	10761	2017	308211	34.73
North Carolina	225	1347	338	38350	25.81	347	1922	488	69934	32.56
North Dakota	34	158	26	4034	35.39	70	263	35	5282	34.08
Ohio	223	2432	585	96361	37.44	1254	7307	1310	202735	35.18
Oklahoma	136	1998	477	57822	27.53	252	2560	589	77260	29.80
Oregon	175	845	163	24648	34.28	384	1364	282	48001	38.65
Pennsylvania	748	7545	1616	221915	31.22	2175	12965	2651	407187	34.91
Puerto Rico	81	926	186	27520	33.60	229	4251	881	131751	33.99
Rhode Island	34	486	105	16039	34.79	145	672	145	21296	33.33
South Carolina	134	955	177	24781	31.85	200	1359	297	44642	34.13
South Dakota	39	281	74	10007	30.79	66	268	57	7765	31.18
Tennessee	277	2253	393	54571	31.53	406	3673	777	108279	31.66
Texas	499	4631	1208	171812	32.34	951	7155	1896	287180	34.43
Utah	254	2181	476	79098	37.77	119	870	180	27033	34.05
Vermont	16	135	24	4325	40.42	55	337	70	11136	35.92
Virginia	228	1485	284	42656	34.15	276	1637	303	45001	33.73
Virgin Islands	6	60	15	2085	32.58	0	6	1	212	35.33
Washington	676	6496	1538	241130	35.63	1303	6172	1356	220926	37.04
West Virginia	78	571	108	9950	20.86	468	3821	771	101374	29.89
Wisconsin	248	1073	221	37141	38.13	383	2381	517	84053	36.95
Wyoming	24	178	33	5415	37.09	19	63	15	2363	34.75

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. UCFE includes $239,886 in payments under extended duration provisions of State laws in California. UCX includes $128,565 in payments under extended duration provisions of State laws in California.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

INCOME-MAINTENANCE PROGRAM OPERATIONS

All Programs	1964		1963	
	September	August	September	August
Total Public Income-Maintenance Payments (millions)	$2,923	$2,924	$2,786	$2,810
Old-age, survivors, and disability insurance	1,365	1,360	1,298	1,297
Railroad and public employee retirement	1/444	1/441	1/410	1/409
Unemployment insurance, temporary disability insurance, workmen's compensation, training benefits (ARA and MDTA)	2/357	2/369	2/359	2/385
Veterans' compensation and pension programs	333	332	328	329
Public assistance	424	422	392	391
Old-Age, Survivors, and Disability Insurance				
Total beneficiaries (thousands)	19,685	19,632	18,853	18,770
Retired workers	10,604	10,585	10,186	10,144
Survivors and dependents	8,196	8,173	7,861	7,827
Disabled workers	884	874	807	800
Total monthly benefits (millions)	3/$1,315	3/$1,311	3/$1,247	3/$1,241
Retired workers	821	820	782	779
Survivors and dependents	414	412	392	390
Disabled workers	80	80	73	72
Public Assistance				
Total recipients (thousands)	7,842	7,873	7,559	7,587
Federally aided programs	7,140	7,161	6,808	6,822
Aid to families with dependent children	3,122	3,113	2,931	2,933
Total recipients	4,158	4,177	3,903	3,912
Old-age assistance	2,162	2,168	2,192	2,194
Other federally aided programs	820	816	713	716
General assistance: Cases	321	323	321	326
Recipients	702	712	751	765
Total payments (millions)	4/$424	4/$422	4/$392	4/$391
Federally aided programs	393	392	362	361
General assistance	21	21	21	21

Operations Under Area Redevelopment and Manpower Development and Training Acts

	Total		ARA		MDTA	
	October 1964	September 1964	October 1964	September 1964	October 1964	September 1964
Total paid trainees	42,150	37,281	4,624	5,318	37,526	31,963
Youths	7,369	6,378	NA	NA	7,369	6,378
Total net benefits	$5,940,055	$5,225,656	$243,398	$284,848	$5,696,657	$4,940,808
Training allowances	4,857,057	4,321,725	243,398	284,848	4,613,659	4,036,877
Youth allowances	(5/)	(5/)	NA	NA	(5/)	(6/)
Subsistence allowances	759,327	646,854	NA	NA	759,327	646,854
Transportation allowances	323,671	257,077	NA	NA	323,671	257,077

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	October 1964	September 1964	October 1964	September 1964	October 1964	September 1964	October 1963	September 1963
California								
State plan								
Basic benefits	47,659	46,611	283,670	287,005	$14,952,916	$15,140,287	$15,058,021	$13,276,577
Additional hospital benefits	6/29,928	6/27,128	7/214,959	7/195,804	2,579,508	2,349,648	2,683,056	2,128,044
Private plan	3,259	2,713	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
New Jersey								
State plan	7,279	7,003	55,201	53,628	2,103,256	2,035,874	1,975,755	1,883,680
Private plan	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
New York	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
Rhode Island	3,374	3,271	24,433	25,157	835,813	860,098	893,487	816,053
Railroad								
Sickness	12,152	10,604	9/124,128	10/123,878	4,530,806	4,645,598	5,103,554	4,537,268
Maternity	140	131	9/2,374	10/2,496	165,425	169,778	204,079	200,714

1/ Data not comparable with earlier reports. Effective January 1964, Federal noncontributory and State and local retirement systems previously included with the data for unemployment insurance, temporary disability insurance, and workmen's compensation are included with railroad and public employees retirement systems (revised figures also shown for August and September 1963).
2/ Data for temporary disability insurance and workmen's compensation include estimated payments made by private insurers and self-insurers in accordance with law.
3/ Current payment status, excludes lump sum and retroactive payments and adjustments for over and under payments.
4/ Total exceeds sum of items because of inclusion of vendor payments, not shown in detail.
5/ Data for youth allowances are not available separately but are included in training allowances.
6/ Represents the number of payments made. 7/ Days for which additional hospital benefits were paid. 8/ Data not available.
9/ Estimated from data "benefit periods" compensated which number 62,064 for sickness and 1,187 for maternity.
10/ Estimated from data "benefit periods" compensated which number 61,939 for sickness and 1,248 for maternity.
NA--Not applicable.

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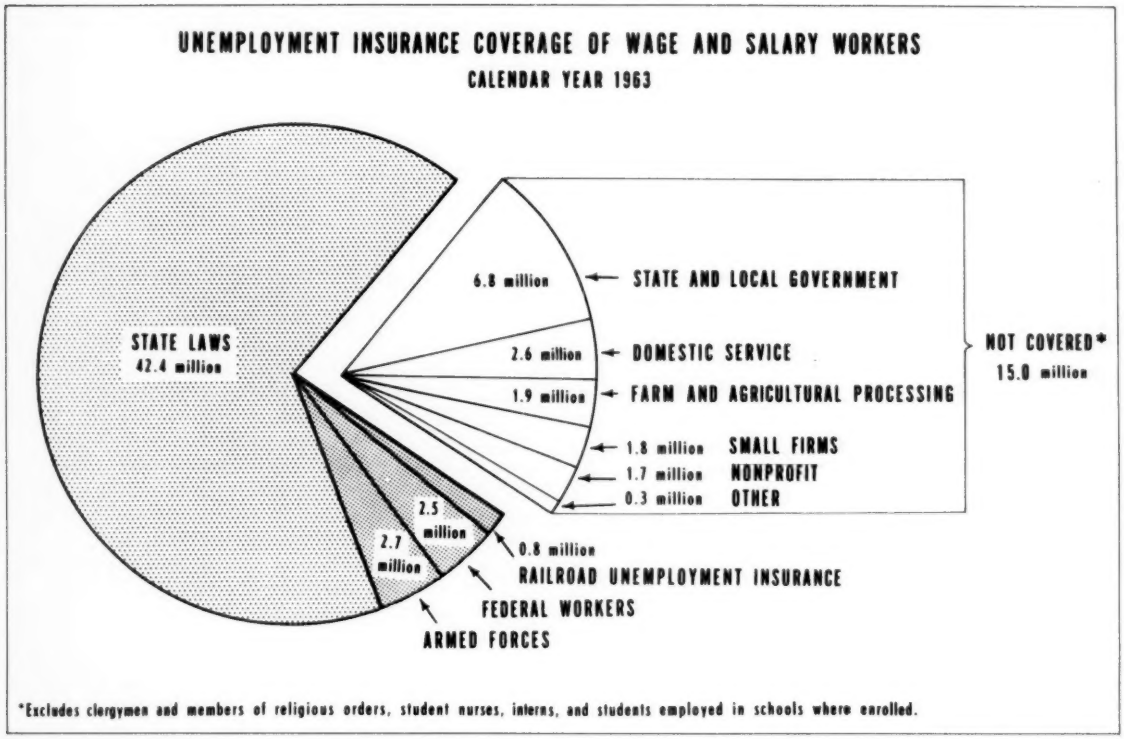

Coverage Highlights

Noncovered Group Grows at Faster Rate Than Covered Group Between 1958 and 1963

The number of wage and salary workers with unemployment insurance coverage averaged 48.4 million per month in 1963, or 6 percent above the 1958 monthly average of 45.7 million. This increase mainly reflected the natural growth in employment among groups already covered, with the exception of railroad employment, which declined by an estimated one-sixth since 1959.

The last significant extension of coverage occurred in October 1958, when protection was extended to members of the Armed Services.

Over the 5 years ending in 1963, average monthly employment of noncovered workers increased at almost twice the rate (nearly 12 percent to 15.0 million) experienced by the covered group. The faster rate of increase in the noncovered group largely reflected expanded employment in State and local governments. This group accounted for nearly half of the noncovered segment in 1963. Average monthly employment in State and local government activity (covered and noncovered) rose by more than 20 percent over the 5 years, from 6.0 million to 7.2 million. Within the latter total, only about 415,000 had unemployment insurance protection in 1963.

Employment in nonprofit activity, another noncovered segment, also rose sharply between 1958 and 1963—by nearly 25 percent to a 1.7 million monthly average. Hospital workers accounted for well over half of the 1963 figure.

Among the remaining noncovered groups, employment changes between 1958 and 1963 were small.

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